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'Confidential Report' on East Asia Caucus Noted

OW3004044294 Tokyo KYODO in English 0430 GMT 30 Apr 94

[By Gwen Benjamin]

[Text] Kuala Lumpur, April 30 KYODO—First feelers by ASEAN to gauge support from potential member countries for its proposed East Asia Economic Caucus (EAEC) has drawn warm responses from China and South Korea, but Japan remains negative, according to a confidential report.

The report by the secretary general of the Association of Southeast Asian Nations (ASEAN), Ajit Singh, who visited the three countries in November, described Beijing's support for EAEC as "strong and conditional," with Seoul being "helpful and constructive," while Tokyo was "negative." "The Japanese reaction was not at all encouraging," the report said, pointing out that Tokyo seemed "overly preoccupied" with the reaction of the United States, which is excluded from EAEC. A copy of the report was obtained by KYODO NEWS SERVICE.

Although ASEAN leaders endorsed the Malaysia-proposed EAEC in 1992, it has yet to take off chiefly because of Washington's cool stance toward the purely Asian grouping it views as a would-be trading bloc aiming to split the Asia-Pacific region. ASEAN last October agreed to dispatch Ajit to seek the views of Japan, South Korea, China, Hong Kong and Taiwan on EAEC, which Malaysia hopes will be launched this year. The concept was floated in late 1990 by Malaysian Prime Minister Mahathir Mohamed.

The report said officials in Japan, South Korea and China cautioned ASEAN to move gradually, with more discussions on defining EAEC's aims before the grouping can be established. Two main obstacles hampering the birth of EAEC are the U.S. position, which China termed the "key" to its launch, and Beijing's objections to Taiwan and Hong Kong joining as core members, the report said.

ASEAN economic ministers, who discussed the report at their informal retreat in Malaysia last week, said the association will brief the U.S. for the first time on EAEC when the two sides meet in Washington on May 9 and 10 for an annual dialogue.

The report had recommended ASEAN inform the U.S. of the group's EAEC plans as Washington's opinion was sought by officials in all three countries. Referring to the Japanese position, the report said Deputy Foreign Minister Koichiro Matsuura suggested Australia and New Zealand be included within EAEC since Japan has close trade ties with and relies on them for resources and foodstuffs. Australia, which originally suggested the 17-member Asia-Pacific Economic Cooperation (APEC) forum in 1989, rejected joining the rival EAEC in unofficial overtures by Japanese Foreign Ministry officials early this year, according to ministry sources. But Japan, the report added, appeared to be the 'odd man out' since neither China nor South Korea backed the membership of Australia and New Zealand.

ASEAN has ruled out the two countries and the U.S. from EAEC due to "geographic" reasons, but Malaysian officials have privately expressed qualms about Australia, which they see as a surrogate of the U.S. in the region. The report said Japan fears EAEC may affect the agenda of an already effective ASEAN-Japan annual trade dialogue, and that its potential to undermine APEC needs to be addressed by ASEAN to allay U.S. concern. An ASEAN official felt Japan was making too many excuses, but said he understood Japan's quandary of not wanting to antagonize Washington further amid the current U.S.-Japan trade dispute stemming from Tokyo's huge trade surplus. The report quoted Matsuura as questioning Ajit, "do we need an EAEC and what would it do since we have ASEAN and APEC? What is the purpose of EAEC?"

APEC includes Japan, the U.S., China and the ASEAN members of Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand. Some ASEAN members fear the U.S. is manipulating APEC for its own economic interests. The report suggested that with China's strong backing for EAEC, ASEAN should reassess Ajit's planned visits to Hong Kong and Taiwan to avoid sending the "wrong signals" to Beijing. While China was flexible on Hong Kong, it strongly opposes Taiwan joining as a core EAEC member, though it is open to Taiwan's participation later on. Taiwanese officials have said Taipei is willing to join EAEC at its founding with "equal footing" and rights as other members. Chinese Vice Foreign Minister Tang Jiaxuan urged ASEAN to have prudence on the politically sensitive matter, especially since Taiwan has been using "elastic diplomacy" in trying to assert its independence. Taiwan and Hong Kong joined APEC as "economies" rather than countries to appease Beijing.

The report said South Korea has offered to act as a mediator for ASEAN with the U.S. and Japan on EAEC, which Seoul is keen to assist in the development of its structure, although Seoul has yet to decide on membership. The report quoted Foreign Minister Hang Sung-chu as saying he would be happy to see EAEC "getting off the ground" and that its issues should not overlap with APEC's.

Japan

U.S.-Tokyo Talks on DPRK Issue Reported

OW0305043894 Tokyo KYODO in English 0416 GMT 3 May 94

[Text] Washington, May 2 KYODO—Japan and the United States reconfirmed Monday [2 May] that they will continue to seek a negotiated solution to the controversy over North Korea's alleged nuclear weapons program "if at all possible," Japanese officials said.

In working-level defense talks at the Pentagon, Japan pledged to "fulfill its responsibilities within the constraints of the constitution" should the United Nations take measures such as economic sanctions to enforce its demand for full inspections of North Korean nuclear facilities.

Concerning the North Korean nuclear issue, Prime Minister Tsutomu Hata's minority government plans to stick to the policies of the coalition under former Prime Minister Morihiro Hosokawa, Japanese defense officials told their U.S. counterparts.

Pentagon officials expressed concern over the standoff between Pyongyang and the International Atomic Energy Agency (IAEA), which has been demanding unhampered access to nuclear sites, including a radiochemistry laboratory, believed to be part of a covert weapon program.

They also pointed to the "extremely important" role of China, North Korea's traditional ally, in efforts to find a peaceful solution to the controversy.

Washington again raised its request for Japanese participation in its Theater Missile Defense (TMD) scheme, a scaled-down version of former U.S. President Ronald Reagan's Strategic Defense Initiative (SDI), but the Japanese delegation remained noncommittal.

They did, however, promise to "study" the proposal, including its "cost-effectiveness."

The U.S. officials also urged the quick conclusion of an agreement that would facilitate swapping material such as fuel and services between the U.S. forces stationed in Japan and the Japanese Self-Defense Forces (SDF).

Such an agreement would also benefit the SDF in future United Nations-led peacekeeping operations, the U.S. officials said, according to the Japanese officials.

GM Division To Join Toyota-Affiliated Group

OW2704105394 Tokyo KYODO in English 1002 GMT 27 Apr 94

[Text] Nagoya, April 27 KYODO—A group of auto parts makers affiliated with Toyota Motor Corp. said Wednesday [27 April] it will accept parts operations of General Motors Japan Ltd. as its members.

The group consists of auto parts makers in Tokyo, Osaka and Nagoya regions.

Joining the group are parts and power divisions of the Japanese subsidiary of the major U.S. automaker and electronic control makers affiliated with them, the organization said.

They are the first members affiliated with the major U.S. automaker although four automotive firms have already joined the group, the organization said.

Tokyo Pledges To Provide Grant-in-Aid to Egypt

OW0305122594 Tokyo KYODO in English 1204 GMT 3 May 94

[Text] Tokyo, May 3 KYODO—Japan pledged Tuesday [3 May] to provide Egypt a total of 3.97 billion yen in grant-in-aid to cooperate in its projects to repair a tunnel and to improve medical services, the Foreign Ministry said.

Japan's new Foreign Minister Koji Kakizawa, who is on a four- nation Middle East tour, exchanged documents on the Japanese assistance in Cairo with Egypt's Minister for International Cooperation Yusuf Butrus-Ghali, the ministry said.

The aid consists of up to 3.06 billion yen to cooperate in Egypt's project to rehabilitate the Ahmed Hamdi Tunnel [spelling as received] linking mainland Egypt and Sinai Peninsula, and 913 million yen for a project to improve medical services in the hospitals in Upper Nile, it said.

The latest aid for the project to rehabilitate the tunnel is part of the 7.58 billion yen Japan has already pledged to provide over a four-year period beginning 1992, the ministry said.

The Ahmed Hamdi Tunnel was built in 1983 but its condition is deteriorating because of the corrosion of concrete, it said.

The 913 million yen will be used to purchase basic medical equipment for six public hospitals in Luxor city and the Qena Governorate, it said.

UN Envoy Presents Credentials to Butrus-Ghali

OW3004040694 Tokyo KYODO in English 0401 GMT 30 Apr 94

[Text] New York, April 29 KYODO—Hisashi Owada, Japanese ambassador to the United Nations, on Friday [29 April] presented his credentials to UN Secretary General Butrus Butrus-Ghali, who welcomed him as an old friend who is also an international jurist.

Butrus-Ghali also said Owada is looking forward to strengthening ties between the world body and Japan, Japanese officials said.

Owada, father of Crown Princess Masako, began his UN job on Thursday. He replaced Yoshio Hatano.

Coalition Strategist Ozawa Leaves for Britain

OW0105082594 Tokyo KYODO in English 0540 GMT 1 May 94

[Text] Tokyo, May 1 KYODO—Elusive backroom coalition strategist Ichiro Ozawa left for Britain Sunday [1 May], but neither he nor his aides would discuss details of the trip.

In a petition for rubber stamp Diet approval, Ozawa, secretary general of Shinseito [Japan Renewal Party], said only that he will inspect social and economic conditions in Britain.

His office simply said the trip is private.

Ozawa, 51, visited Britain and Italy in March.

News magazine reports said Ozawa's rather frequent overseas trips are related to the treatment of his heart ailment.

On Monday, new Japanese Prime Minister Tsutomu Hata, head of Shinseito (Japan Renewal Party), will leave for Italy, France, Germany and Belgium.

Hata on New Electoral System, Tax Increase

OW0305125394 Tokyo KYODO in English 1245 GMT 3 May 94

[Text] Rome, May 3 KYODO—Japanese Prime Minister Tsutomu Hata said Tuesday [3 May] the next general election for the House of Representatives should be held under a new electoral system.

Hata, who arrived in Rome earlier in the day on the first leg of a six-day official visit to Italy, France, Germany and Belgium, said the prime minister's power to dissolve the lower house cannot be denied under any circumstances.

"However, looking into the reality, the Japanese people hope for an election under a new system. And basically, I am not thinking about dissolution now at all," Hata told Japanese reporters traveling with him.

Bills centered on a change in the lower house electoral system became law in late January.

Under the new system, 300 members are to be elected from single- seat constituencies and the remaining 200 through a proportional representation system. The present 511-seat lower chamber was elected from the multiseat constituencies.

But the new system will not take effect until the single-seat constituencies are delineated in several months.

Hata suggested it may take less than a three-month period for voters to learn the locations after they become law.

"Some people think it is easier to restore their power under the current system, but it is shameful to hold an election based on such thought," Hata said, referring to opinions of some members in the Social Democratic Party (SDP) [of Japan—SDPJ] and new party Sakigake [Harbinger], both of which left the coalition recently.

The premier inaugurated a minority cabinet Thursday, after the SDP withdrew when other ruling parties formed a new parliamentary group, "Kaishin" (Innovation), without consulting the SDP.

"I will urge the SDP to reconsider. In apologizing for what happened, I want to appeal to the SDP before anything else," he said.

Hata also said he does not rule out the possibility of an alignment of his party, Shinseito, and the leading opposition Liberal Democratic Party (LDP), but an appeal to the SDP takes precedence.

The LDP surrendered its 38-year grip on power last August, when it failed to maintain a majority in the lower house.

Sakigake, led by former Chief Cabinet Secretary Masayoshi Takemura, was a coalition government member before it defected. It supports the Hata administration but refused to send personnel to his new cabinet.

In relation to North Korea's suspected nuclear arms program, Hata pledged that Japan will deal problems with care and "within the framework of the (war-renouncing) constitution."

His remark reflects caution on legislation to deal with emergencies, including possible international sanctions against North Korea.

Hata also said he will seek the public's acceptance of higher indirect taxes, saying, "A graying society is at hand. It will be difficult to secure necessary financial sources working only with income taxes." He declined to mention the amount or timing of a tax increase.

Rules Out Multi-Seat Elections

OW0305115494 Tokyo NHK General Television Network in Japanese 1007 GMT 3 May 94

[Announcer-read report; from the "NHK News 7" program]

[Excerpt] Prime Minister Hata is currently visiting Italy. Speaking with Japanese correspondents in Rome this evening, Hata ruled out holding general elections once the House of Representatives is dissolved, asserting that the next general elections should be held under the new electoral system. In this way, the prime minister ruled out holding the general elections under the present multi-seat constituency system once the House of Representatives is dissolved.

While speaking with Japanese correspondents, Hata stated that generally speaking the Japanese prime minister possesses the right to dissolve the House of Representatives as his sole right, and the exercise of his right cannot be denied. The prime minister went on to say: Now that a new electoral system has been adopted, I believe the people hope the next general elections will be held under that new system. However, some politicians feel that if the next general elections are held under the current electoral system, it will be easier for their parties to increase their seats.

Touching on the need to make the people fully understand the changes in the current demarcation of constituencies that will occur after a bill on the demarcation of single-seat constituencies is enacted in the Diet, the prime minister stated: Most of the people already understand the need to change the current demarcation of constituencies. The present situation is somewhat different from that of five or six years ago. A certain period of time is needed to make the people understand the new electoral system.

While speaking with Japanese correspondents, the prime minister stressed he will call on the Social Democratic Party of Japan [SDPJ] to return to the coalition to secure a majority in the Diet, stating: I intend to seek cooperation from the opposition Liberal Democratic Party [LDP] on our policies, and I cannot deny the possibility of creating a new framework as a result of policy cooperation with the LDP. The realignment of political parties is under way, and there is a possibility a grand coalition will be formed in the future. [passage omitted on Hata's itinerary in Italy]

Rengo: New Government Framework 'Regrettable'

OW2804113994 Tokyo KYODO in English 1036 GMT 28 Apr 94

[Text] Tokyo, April 28 KYODO—Akira Yamagishi, chairman of the eight-million-strong Japanese Trade Union Confederation (Rengo), on Thursday [28 April] suggested that his organization will keep a distance from the new coalition government formed by Prime Minister Tsutomu Hata.

Yamagishi called it "regrettable" that the new coalition failed to maintain the framework as it existed under former Prime Minister Morihiro Hosokawa.

He said that Rengo, which had cooperated with the Hosokawa cabinet, would point out rights and wrongs as it sees them in assessing the policies of the Hata cabinet.

Rengo is Japan's largest federation of trade unions.

Voters Polled on Support for Hata Cabinet

TV Asahi, KYODO Polls Reported

OW0205151794 Tokyo KYODO in English 1412 GMT 2 May 94

[Text] Tokyo, May 2 KYODO—The cabinet of Prime Minister Tsutomu Hata got a 50.1 percent approval rating in a weekend poll of 662 voters, TV Asahi reported Monday [2 May].

On Sunday, KYODO NEWS SERVICE's telephone poll of 1,000 voters showed that 51.6 percent supported the Hata cabinet.

In Monday night's "News Station" program, TV Asahi said 31.9 percent disapproved of the Hata cabinet, launched last Thursday.

Just before Hata was elected prime minister last Monday, the TV station conducted a similar survey which showed a 66.8 percent approval rating for Hata's incoming cabinet. During the one-week period, the support rating fell 16.7 percentage points, TV Asahi said.

Following Hata's election in the Diet as Japan's 51st prime minister, the biggest coalition group, the Social Democratic Party (SDP), quit the alliance in protest against the swift formation of a large parliamentary group that excluded the SDP.

The TV Asahi poll also showed that 54 percent expressed support for the SDP's withdrawal from the coalition while 27 percent disapproved of it.

Asked who is at the center of the new coalition, 52 percent named key coalition strategist Ichiro Ozawa, secretary general of Shinseito [Japan Renewal Party], while 21 percent nominated Hata who is Shinseito head and 4 percent picked former Prime Minister Morihiro Hosokawa, head of the Japan New Party (JNP).

The poll also showed that 54 percent of pollees wanted the SDP to follow its own path, and 32 percent called for its cooperation with the Hata cabinet. Only 10 percent proposed the SDP cooperate with the largest opposition party, the Liberal Democratic Party (LDP).

Asked how long the Hata cabinet will survive, 44 percent replied around half a year, followed by 23 percent who predicted three months and 18 percent one year or longer. The poll showed 9 percent replied two months, and 2 percent one month.

It said 60 percent called for an early general election for the House of Representatives after the Diet passes the fiscal 1994 budget, compared with 27 percent who did not.

SANKEI SHIMBUN, Fuji TV Polls

OW0205034394 Tokyo KYODO in English 0132 GMT 2 May 94

[Text] Tokyo, May 2 KYODO—The new coalition cabinet of Prime Minister Tsutomu Hata scored a 62.1 percent support rating in a joint nationwide telephone survey by the SANKEI SHIMBUN and Fuji Television network published Monday [2 May].

But nearly 70 percent of the 2,000 respondents called for an early general election in the wake of the pullout of the Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ] from the coalition, the SANKEI SHIMBUN said.

The public disapproval rate for the cabinet among the pollees was 17.6 percent, the newspaper said.

The public support rating of the Hata cabinet is 21.3 percentage points lower than that of the cabinet of Prime Minister Morihiro Hosokawa, Hata's predecessor, last August, but is still higher than the rating of previous cabinets of the Liberal Democratic Party (LDP), the newspaper said.

The support rate for the cabinet of Prime Minister Noboru Takeshita on its inauguration in November 1987 was 53 percent and that for the cabinet of Prime Minister Kiichi Miyazawa in November 1991 was 54.9 percent, the SANKEI said.

Of the 62.1 percent backing the Hata cabinet, 29.4 percent declared they support it unconditionally, while 32.7 percent said that if they have to choose, they support the newly launched cabinet, the SANKEI said.

The SANKEI and Fuji Television Network conducted the survey on Friday and Saturday.

Of the pollees, 45.1 percent cited pump-priming as the most important policy for the Hata cabinet, followed by 21.1 percent stressing tax reform, 14.9 percent political reform, and 8.4 percent the rice issue, according to the SANKEI.

A large proportion—61.5 percent—of the respondents support the pullout of the SDP from the coalition.

The LDP, the largest opposition party, garnered 22.3 percent support, followed by 11.3 percent for Shinseito [Japan Renewal Party], headed by Hata.

In a KYODO NEWS SERVICE public opinion poll released Sunday, the Hata cabinet posted a 51.6 percent public approval rating, down 24.1 percentage points from that for the Hosokawa cabinet last August.

Kumagai Interviewed by Commentators, Professor

OW0205145394 Tokyo Asahi Newstar Television Network in Japanese 1215 GMT 1 May 94

[Studio interview with Chief Cabinet Secretary Hiroshi Kumagai by political commentator Soichiro Tahara, Kyoto University Professor Masaaki Kosaka, and political commentator Yoichi Masuzoe in Tokyo; from the "Sunday Project" program; date not given—recorded]

[Text] [Tahara] Let me congratulate you first. Now I want to ask you whether it is true that you did not want to take the post of chief cabinet secretary?

[Kumagai] It is true.

[Tahara] So, you took the post reluctantly.

[Kumagai] I did not want to assume this important post at a time when the nation is in difficult times. I experienced neurasthenia for the first time.

[Tahara] To tell you the truth, we also think that you are fit to be the international trade and industry minister. Because Finance Minister Fujii has been retained in the same post, we also thought you would be retained as the international trade and industry minister. How come you have been appointed as chief cabinet secretary?

[Kumagai] Well, this would not have happened if the Social Democratic Party of Japan had remained in the coalition. With the reduced number of members, the ruling coalition has to deal not only with party affairs but also cabinet tasks. So, it was inevitable for me to accept the post.

[Tahara] Some reporters told me that Shinseito [Japan Renewal Party] Chief Secretary Ichiro Ozawa has sent you to the cabinet as his other self. Is this true?

[Kumagai] I am often called an aide to Mr. Ozawa. I was when I and Mr. Ozawa were in the same faction. But now I argue with him and sometimes oppose what he says. Subjectively speaking, I am not his aide. But because I have worked with Prime Minister Tsutomu Hata for a long time, I can say I serve as a bridge between Ozawa and Hata.

[Tahara] Mr. Ozawa is often criticized as being dictatorial and for his arbitrary decision-making together with [Komeito Secretary General] Yuichi Ichikawa. Is what has been said about him true?

[Kumagai] I think there are some points in his political style that he should reflect on. But what has been said about him is untrue. He is a poor talker and not a careful tactician. He usually makes a frontal attack. He does not conduct behind-the-scenes negotiations, even when we expect him to do so.

[Tahara] Some say he is slovenly.

[Kumagai] Rather than calling him slovenly, I would say he can do no more than making a frontal attack.

[Tahara] So he is like a baseball pitcher who can throw only a fast ball?

[Kumagai] Yes, he is just like a pitcher who can throw only a fast ball at the speed of 170 km three times and does nothing else the rest of the game.

[Tahara] I would like to ask about the uproar caused by the formation of the parliamentary group "Kaishin." When the SDPJ secretary general appeared on this program recently, I asked him whether Ozawa and Komeito's Ichikawa really make decisions arbitrarily in the coalition. Kubo's answer was no. So I thought Kubo was on good terms with Ozawa. Do you not think the uproar would not have occurred if Ozawa had made just one call to Kubo?

[Kumagai] I do not know. We had only a vague idea that a new parliamentary group might be gradually formed toward the end of the current Diet session. We thought if the formation of a new group was planned that day, only small parties would come together and announce the formation of Kaishin. But things progressed before we knew what was happening.

[Tahara] I also thought only the Democratic Socialist Party and the Japan New Party would participate in the group.

[Kumagai] In his political concept, Mr. Ozawa has the desire to form two major political forces and then establish a two-party system. Because an unexpected person moved to form the group, I think Mr. Ozawa lost control of himself and took the opportunity.

[Tahara] So he is careless. (laughing)

[Kumagai] Yes, I think he is.

[Tahara] That is one thing I wanted to ask you today. In connection with our earlier discussion, the fact is the ruling parties hold only one-third of the lower house seats and only one-fourth of the upper house seats. The cabinet is very much a minority administration. Some term this a caretaker government for the next election, or for the passage of the budget. How do you intend to carry on?

[Kumagai] This is not what we originally planned. If we had enough time, we would have engaged in more patient persuasion of the SDPJ and Sakigake to remain in the coalition. It is a shame, because we had agreed on Hata as prime minister, although there was a procedural fault; we also reached a basic agreement on policy. It would have been merely a question of how to start with a clean slate to make up for the procedural mistake, and it would have been necessary to work by all means to persuade them to return to the coalition. However, the Diet session had been suspended due to various issues. Then the air crash occurred in Nagoya, the budget remained untouched, and nothing was being done about the economy which was starting to show initial signs of recovery. Many things were left undone. This affected the people's livelihood. Thus, in a sense we had to take off because of the time limit.

I personally believe that although the SDPJ is saying it is impossible for them to return to the coalition since agreements have been reached on basic policies, based on this policy accord and on the consensus that Hata is the right man we need to keep our door open and work to tenaciously persuade them to return to the coalition.

There is also deliberation on the budget. We need to continue to discuss tax reform. It is important to close the gap in our discussion process.

[Tahara] If you intend to bring Sakigake [Harbinger] and the SDPJ back into the coalition, would it not have been better to give them ministerial posts?

[Kumagai] Oh, no. If we do that....

[Tahara, interrupting] For instance, Komeito and Shinseito hold many cabinet posts. Are some of them not just temporary occupants [kuseki join] of these positions who will make way for returning SDPJ and Sakigake cabinet members?

[Kumagai] No, that is not the case.

[Tahara] A number of them do not seem to be competent.

[Kumagai] In the event they come back, we will have to reshuffle the cabinet.

[Tahara] A reshuffle?

[Kumagai] I am not talking about any particular person. With regard to the budget, the SDPJ and Sakigake say they will cooperate because they took part in formulating it. They say they will cooperate in passing budget-related bills. Once the budget is passed, we will have to engage in preparatory discussions and lay the groundwork for asking them back.

[Tahara] I think they will cooperate. They will probably cooperate in passing the draft budget because the SDPJ also took part in formulating it.

It is said the Diet will be dissolved after approving the budget. As a matter of fact, a survey conducted by Voice Inc. [name as heard] shows many people want the Diet to be dissolved. Of course, if the Diet is dissolved, an election will be held under the new election system. Do you agree?

[Kumagai] Of course. All preparations have been made. Members of the deliberation panel [the electoral redistricting panel on new constituency boundaries for the House of Representatives] were selected in April. As far as the system is concerned, we are supposed to start Diet deliberations on the redistricting bills within six months of the members being selected. However, the agreement among the ruling parties, including the SDPJ, says they will try to enact the redistricting bills during the current Diet session. It is said that procedures to enact the bills take time. However, we are having endless discussions compared to the discussions the LDP had during the Kaifu administration. We are preparing ourselves to listen to the opinions of local cities. The next step is to map out fundamental ideas needed to enact the bills. Once we have this yardstick, then the remaining problems will be technical matters. All we have to do is to actually rezone the precincts according to the plan. It is not a dream at all to start Diet deliberations during the current Diet session if the members of the working group work energetically.

[Tahara] Suppose an election is held under the new system. When do you think is the earliest it will be held?

[Kumagai] We can hold it around July.

[Tahara] What? Masuzoe, would you listen to this for a moment? Do you think an election can be held in July?

[Masuzoe] It can be done if we want.

[Kumagai] It is not something we can force.

[Tahara] I mean, if it is possible.

[Kumagai] Our fundamental understanding is that the current Diet session will end on 29 July. The coalition and the SDPJ have had discussions and have agreed to complete its deliberations during the current Diet session.

[Tahara] Does it mean the current Diet session may be extended? Will it be extended in order to rezone the precincts?

[Kumagai] It will cause problems if a government official says such things. What I mean to say is that it is possible if we can reach an agreement.

[Tahara] Is it possible to extend the Diet session?

[Kumagai] Yes.

[Tahara] Would you like to pass redistricting bills even if you have to extend the term of the current Diet session?

[Kumagai] As you know, Tsutomu Hata became chairman of the Election System Research Council when the Kaifu administration was inaugurated following the Recruit scandal. In other words, he was the first LDP member who stood up for the reform.

[Tahara] You mean election system reform?

[Kumagai] Yes. That was his starting point. To Tsutomu Hata, adoption of redistricting bills will put an end to his quest.

[Tahara] It has to end.

[Kumagai] He has to complete what he started to talk about in front of the people, otherwise he cannot rest.

[Tahara] Let me go back to what we were discussing earlier. Do you think July is too early, even if relevant bills are approved by extending the term of the current Diet session? Masuzoe said earlier the election would be held in September.

[Masuzoe] An election has to be held within six months. Initially, three months was required for public notification. Six months plus three months is nine months. However, nobody needs a three-month notification because people watch TV. They will know it right away. Also, there are 300 seats in total. There will be no change in the total number of seats; only minor changes are needed. If you make a change in one district, then you have to make a change in other districts. The council can inform us about new constituency boundaries tomorrow if we ask them to.

[Tahara] This means that an election, no matter how soon it may be held, can be held under the new election system.

[Masuzone] There will be no problem at all from a legal point of view.

[Kumagai] Masuzone is quite right. However, it is necessary for the panel members to come up with a yardstick, or to listen to the opinions of local autonomies once again. They need to fulfill the minimum requirements. Therefore, it is impossible for them to submit the bills in May. They need to work hard for a certain period of time. Moreover, politicians' opinions should be reflected in the bills, otherwise the bill will never be approved.

[Tahara] I have a feeling half of the politicians do not want political reform.

[Kumagai] It is more than half.

[Tahara] More than half of the politicians?

[Kumagai] Including myself.

[Tahara] Are you saying you are included in the half of the politicians who do not want political reform?

[Kumagai] No, I am not. I mean to say that I benefited from the election system for medium precincts. This is an imaginary destruction. In other words, we grudgingly agreed and pledged to the people that we would make changes by destroying the election system for medium precincts. We should be ashamed if we break that promise.

[Masuzoe] Is it possible to pass redistricting bills before approving the budget?

[Kumagai] Theoretically, it is possible.

[Masuzoe] That means you can insist on saying you cannot pass the budget unless redistricting bills are approved.

[Kumagai] Well, I cannot say that. The Diet, which will begin on Monday, will be turned upside down if I said that. [laughing] I have to remain cool as much as possible.

[Tahara] The Hata administration is determined to approve the budget and redistricting bills during the current Diet session even at the risk of extending the Diet session.

[Kumagai] The Hata cabinet has to enact by all means the 1994 budget bill and the bills on new constituency boundaries during the current Diet session.

[Tahara] Do we still have enough time? We do? There is another thing I would like to talk about. It's about the Korean peninsula issue. I hope a war will not break out on the Korean peninsula. However, how is Japan going to deal with an emergency situation? The Japanese people think about this issue. UN Forces or the U.S. military will be dispatched if war breaks out. Well, the foreign minister said today on another TV program that we need to change various things in order to deal with such an emergency. Do you think we need to make legal preparations? What do you think?

[Kumagai] Well, the foreign minister....

[Tahara, interrupting] He was referring to the Self-Defense Force Law. He was talking about the possibility of revising the law.

[Kumagai] Well, regarding the Self-Defense Law, a bill was already submitted to the Diet. We went through a bitter experience.

[Tahara] Some are asking what Japan can do. Some say we should introduce a law only for a limited period of time. As a matter of fact, Komeito's Secretary General Yuuichi Ichikawa said during this program last week that we should take legislative actions. What do you think, Kumagai?

[Kumagai] The Hosokawa administration said Japan will act within the scope of the Constitution. The administration did not say within the scope of laws because....

[Tahara, interrupting] This means new laws can be introduced.

[Kumagai] That is correct. We have to do that as a matter of course. However, negotiations on the North Korean issue are coming to the final stage. The UN is trying to settle the issue peacefully on the basis of the UNSC statement. Negotiations with the DPRK are entering their final stage. Judging from the tacit rules of the International Atomic Energy Agency, it is not a good idea at this stage to threaten the DPRK by hinting at the possibility of taking military action. I think we should prudently deal with the issue. However, we have to prepare ourselves for various cases, and this is another story. It is true that the government has studied necessary measures.

[Tahara] Masuzoe, what do you think about this issue? Do you have any opinions?

[Masuzoe] For example, in case we need to rescue Japanese citizens living abroad, the issue of revising the Self-Defense Forces [SDF] Law will naturally arise.

[Kumagai] A related bill has been submitted to the Diet, but it has not been easy to enact.

[Masuzoe] There is also the question of how to deal with "nyukan ho" [the Immigration Control and Refugee Recognition Act] in case refugees come to Japan. Moreover, when the United Nations adopts a resolution calling for sanctions against North Korea, and the sanctions include a ban on remittances to North Korea by "Chosen Soren" [General Association of Korean Residents], will Japan fully implement them? I do not think "gaitame ho" [the Foreign Exchange and Foreign Trade Control Law] is sufficient to that end. If the critical scenario for this situation becomes reality in a month, Japan will not have enough time to deal with these issues. Do you think these issues will cause the cabinet to collapse?

[Kosaka] I think it is necessary to form a large coalition government. The current cabinet has the capability of dealing with these issues, or the people would not have empowered the cabinet to do so. This is because the cabinet is a minority administration. I am talking about a possible scenario. Although I do not want to say this, the government should have started making preparations for North Korea's nuclear issue two years ago. Since there is confusion in the administration, it has no choice but to apologize to the public.

[Kumagai] Most people, including the Hata cabinet, know what we should do if events occur. They know this well. I am not saying we are studying necessary measures. However, if we spell out our policy during peace time when nothing is happening, this will create much confusion due to the current political situation. However, we understand North Korea is serious and the situation is fast developing into a reality. It is true we are now studying what we should do. Once a consensus is reached, it will be possible for us to establish a crisis control system in a heartbeat.

[Tahara] Do you mean that although the government should not talk about such things while nothing is happening, it can properly deal with the situation when something happens? Do you think the government needs to take legislative measures?

[Kumagai] To that end, a political procedure is necessary. As you said, since we are minority ruling parties we cannot do everything in haste. After all, the establishment of a political foundation or mainstream thinking will naturally be a precondition for adopting political procedures.

[Masuzoe] My opinion runs counter to yours. Because the government has not studied the necessary measures in a cool-headed manner during peace time, including adopting legislation in case of an emergency, there is a possibility that if Japan decides to revise the SDF Law for the purpose of rescuing overseas Japanese, this will worsen relations with South Korea. It is rather dangerous for the government to enact emergency defense legislation when it is terribly upset by a serious situation. If you enact legislation, do you intend to do so without going through the legal formalities?

[Kumagai] No, it is impossible for us to violate the law. This issue....[pauses] However, we do not think the situation will suddenly develop into a military collision. What measures the United Nations will take in the future depends on the next moves by North Korea. In dealing with the Gulf war, the United Nations spent almost half a year accumulating its resolutions in a persistent manner, and it gradually reached its final decision while observing Iraqi reaction. While watching developments at the United Nations, we need to appeal to the public regarding necessary measures; the government may need to change its policy depending on these developments. We have created conditions to that end.

[Kosaka] It is good to prepare for various scenarios. We should do so during peace time. Therefor we must make preparations now—for example, a measure to rescue Japanese living abroad. But if we cannot do that, we need to accept the situation. Because we have not made preparations so far, it would be better not to enact an emergency legislation. In that case, the government needs to apologize to the United States and the international community for not participating in their actions, and must apologize to those citizens living abroad for being unable to rescue them. If the administration is not supported by the entire nation after making such an apology, it cannot deal with the situation. But I do not think such a scenario will occur. If my expectations are wrong, I will apologize. [laughter]

[Tahara] Mr. Kumagai, the issue of the tax system must be considered in addition to the electoral system and budget issues.

[Kumagai] This is a major issue.

[Tahara] Do you intend to solve the tax issue during the current Diet session?

[Kumagai] No, we hope to enact relevant bills by the end of this year. To that end, we need to reach an accord among the ruling parties, including the Social Democratic Party of Japan [SDPJ], which used to be a ruling party.

[Tahara] Do you hope to do so by around the end of June?

[Kumagai] The current Diet session will end on 29 June. So I mean during the current Diet session.

[Tahara] Do you hope to have a general plan for tax reform during the current Diet session?

[Kumagai] Yes.

[Tahara] Now that the SDPJ has become an opposition party, do you think the SDPJ intends to reach an accord with the coalition?

[Kumagai] Like the issue of North Korea, this issue is a major topic of the nine-point policy agreement, which was reached among the ruling parties, including the SDPJ. The SDPJ made bold to make concessions on this issue. There will be various arguments on the details of the agreement. I think we need to solemnly continue our efforts. As such, it is not appropriate for us to promote work by ourselves without consulting with the SDPJ. We need to continue to keep our door open to the SDPJ and to seek its views. While communicating with the SDPJ through such measures, we would like the party to return to its past stance in line with the coalition.

[Tahara] Do you need to urge the Liberal Democratic Party [LDP] to help as well?

[Kumagai] This is a matter of course. An additional clause of the previous bill on special tax reductions stipulated partial reform of the tax system. In a sense, this was the LDP's proposal. For this reason, we need to urge the LDP to cooperate in dealing with this issue.

[Tahara] Mr. Kosaka, do you have anything else you want to ask of the new administration? You may make one more request.

[Kosaka] Well, no matter what, the administration should not be too hasty. There is an old saying about waiting until the time is ripe, but everyone, including Mr. Ozawa and Mr. Kumagai, seems to have forgotten this. You should think about this. Three months have already passed since February, but in this period there has been commotion over a national welfare tax or a reshuffling of the cabinet. Who would want to [words indistinct] at such a busy time? If they had passed the budget bill and worked out the new electorate divisions during that time, they would be happy right now. The last three months have shewn how bad things can turn out to be when you rush things.

[Kumagai] Well, they certainly say "walk but do not run."

[Tahara] Well, maybe that has something to do with your earlier remarks about Mr. Ozawa's character—that he is a hasty person... short-tempered.

[Kumagai] Well, he is always very direct.

[Tahara] You mean throwing fast, straight balls only?

[Kumagai] Yes, like he does not like to beat around the bushes.

[Tahara] I think you could tell Mr. Ozawa to stop doing this.

[Kumagai] Yes, that is right. Not only by myself, but together with Prime Minister Hata. I think this is a question of style.

[Tahara] Do you think Prime Minister Hata can do this?

[Kumagai] Well, Prime Minister Hata is quite stubborn. As prime minister, he would be the only person who could stand up to Mr. Ozawa's fast balls. When he is really determined—I am talking about Prime Minister Hata—then you had better watch out.

Sakigake Leader Favors Extension of Diet Session

OW0205083694 Tokyo KYODO in English 0629 GMT 2 May 94

[Text] Otsu, May 2 KYODO—The leader of new party Sakigake [Harbinger] voiced support for an extension of the current Diet session Monday [2 May] to pass a bill instrumental for holding House of Representatives elections based on single-seat constituencies and proportional representation.

Sakigake leader Masayoshi Takemura told a news conference in Otsu that deliberation of the bill delineating new single-seat constituencies would take "until late July or August."

The current Diet session ends June 29.

Under the current election system, the 511 lower house members are elected from three- to five-seat constituencies.

Takemura, chief cabinet secretary under the cabinet of former Prime Minister Morihiro Hosokawa, said he hopes that the next lower house elections will be held "if at all possible" under the new election system combining proportional representation and direct elections in single-seat constituencies.

He said, however, that further political turmoil could make it necessary to call a general election before the new election system has been established.

"We would have no reason to wait if political turmoil made it mandatory to hear the will of the people," he said.

Takemura also decried as "not good" that certain parties have "seized" government power in an apparent reference to the new coalition centering on Prime Minister Tsutomu Hata's Shinseito [Japan Renewal Party] and Komeito, which is backed by the Soka Gakkai Buddhist lay organization.

Sakigake, which belonged to the seven-party coalition that ousted the Liberal Democratic Party from power in August after almost four decades of unchallenged rule, refused to take posts in the Hata cabinet but pledged support for the minority government.

But the sudden formation of the new parliamentary group Kaishin, which includes Shinseito and Hosokawa's Japan New Party, has created "an unusual situation," said Takemura in explaining why Sakigake decided to stay out of the Hata cabinet.

'About Half' Diet Members Seek 2-Party System

OW0305122794 Tokyo KYODO in English 1142 GMT 3 May 94

[Text] Tokyo, May 3 KYODO—About half of Diet legislators surveyed want a two-party system in Japan's future politics, replacing the current multiparty setup, an influential private group promoting political reform said Tuesday [3 May].

Of the lawmakers surveyed, 50.3 percent prefer a two-party system, 39.3 percent favor a moderate multiparty system with three or more parties, and 3.5 percent like a long and stable rule by a single party, according to a poll conducted by the Committee for the Promotion of Political Reform.

The group of dozens of voluntary members from business, labor, academic and journalistic circles sent questionnaires to 761 lawmakers of both houses, 239 business executives and 78 labor unionists from April 1 to 22, committee members said. Of the legislators, 59.5 percent responded, they said.

According to the survey, 20.3 percent of the lawmakers said most existing parties will disappear in political realignment.

As to the timing of such realignment, 58.6 percent of the Diet members said it will take place in a year and 12.4 percent said in several years, they said.

A two-party system was sought by 88.5 percent of respondents from Komeito [Clean Government Party], a Buddhist-backed party in the coalition, 87.3 percent from Shinseito [Japan Renewal Party], a key party led by Prime Minister Tsutomu Hata, and 60.9 percent from the Democratic Socialist Party, another ruling party, they said.

A moderate multiparty system was backed by 70.8 percent of members of the Japan New Party led by former Prime Minister Morihiro Hosokawa.

The figure was identical for the Social Democratic Party, which defected the coalition last week, and 50 percent for new party Sakigake [Harbinger] led by former Chief Cabinet Secretary Masayoshi Takemura. Sakigake refused to take new cabinet positions, they said.

The biggest opposition Liberal Democratic Party (LDP) was split, with 45.6 percent favoring a two-party system and 41.8 percent support a moderate multiparty system, they said. The LDP surrendered its 38-year grip on power last August.

Members of the opposition Japanese Communist Party did not answer the survey, they said.

Capital Spending Down; Rate of Decrease Slowing

OW2704075994 Tokyo KYODO in English 0715 GMT 27 Apr 94

[Text] Tokyo, April 27 KYODO—Japanese companies plan to cut their capital spending for the third straight year in fiscal 1994 but the declines are shrinking, the government said Wednesday [27 April].

The quarterly Economic Planning Agency report also found growing hopes of an economic recovery, but an official cautioned that it would be hasty to read the survey as showing the economy hitting bottom in its longest postwar recession.

Companies plan to cut their spending on plant and equipment by 9.2 percent to 40 trillion yen in the fiscal year that started this month, the third year of declines in a row but narrowing from the fiscal 1993 cutback of 10.3 percent, the survey found.

Manufacturers' capital spending plans were down 17.6 percent for the third straight drop, compared with the previous year's 18.7 percent decline, while nonmanufacturers plan a second straight cutback, with the decline narrowing to 5.0 percent from 5.5 percent.

The agency canvassed 4,550 companies with capital of at least 100 million yen on March 1, with 4,304 responding.

The agency's Business Survey Index found sentiment on the economy registering minus 3 for the April-June quarter, an improvement from the previous quarter's minus 22 reading.

"Cautious opinions among corporate managers about the domestic economy are easing and expectations of recovery are again emerging," the report said.

The index subtracts the percentage of companies seeing declines from those citing improvement.

The outlook for the quarter starting in July rises to plus 13, but the official noted that projections for two quarters ahead have been positive since late 1992 even as the economy continued to slump.

Import Prices for Daily Commodities Fall

OW2804093394 Tokyo KYODO in English 0840 GMT 28 Apr 94

[Text] Tokyo, April 28 KYODO—Japanese import prices on items used in daily life fell 5.8 percent in March from a year before, influenced by the high yen, the Finance Ministry said Thursday [28 April].

Of the 30 items surveyed, 25 fell in price from a year earlier, with 13 falling by double-digit percentages, a ministry official told reporters in releasing the monthly report.

The dollar's value against the yen fell 10.9 percent in March from a year before to an average 105.04 yen, he said.

Among the reasons that the average price decline was less than the increase in the yen's buying power, he said, was a number of imports contracted for in the Japanese currency and shifts in product preferences among certain categories.

Among the large decliners was frozen octopus, with falling production prices pushing the import price down 24.6 percent.

A switch to cheaper brands pushed European electric shaver prices down 39.5 percent and U.S. golf club prices down 19.9 percent, the official said.

By contrast, import prices for British whiskey jumped 16.4 percent. The official cited a statistical reaction to a large fall a year earlier as well as a shift to more expensive malted whiskies.

Strong U.S. demand for frozen shrimp and prawns pushed the Japanese import price up 1.0 percent and a switch to more expensive navel oranges pushed orange prices up 2.2 percent.

Lemon and lime prices, however, fell 13.4 percent and grapefruit 6.1 percent due mainly to the yen's rise, the official said.

Fresh and frozen beef prices fell 4.0 percent, with the effect of the high-yen dampened by rising production prices, he said.

Foreign Reserves Hit Record High in Apr

OW0205102294 Tokyo KYODO in English 0814 GMT 2 May 94

[Text] Tokyo, May 2 KYODO—Japan's foreign exchange reserves soared 2.83 billion dollars in April to hit a record for the second month in a row, the Finance Ministry said Monday [2 May].

The new record of 104.56 billion dollars in the month-end balance endorsed the continued active intervention by the Bank of Japan to stem the yen's rise against the U.S. dollar.

The April rise also represented the sixth consecutive month-to- month increase, the ministry said.

The foreign reserves include convertible foreign currencies, gold and international monetary fund special drawing rights.

A ministry official, as usual, declined to comment on details and reasons for the change in the foreign reserves while briefing reporters.

Market experts closely follow fluctuations in foreign reserves as evidence of intervention by the Bank of Japan and dealers said the central bank continued to buy billions of dollars in April to stop the yen's rise.

The ministry official said the dollar started the month at 102.72 yen and ended at 102.38 yen in Tokyo dealings, ranging from 102.30 posted April 28 to 105.85 yen marked April 8.

He said the range of 3.55 yen was small compared with that in the past three months this year but noted that the dollar-yen rate fluctuated more in overseas markets.

The dealers said the central bank was also seen buying dollars overseas in the reporting month.

Japan remained the world's largest holder of foreign reserves for the sixth month in a row, amassing 98.4 billion dollars as of February, the most recent comparable figures with other nations, except Taiwan for January reserves, the official said.

Taiwan came in second with reserves of 84.8 billion dollars, followed by Germany with 83.5 billion dollars. The United States posted 77.5 billion dollars and Spain 42.4 billion dollars.

Construction Minister on Public Works Projects

OW2804142294 Tokyo KYODO in English 1345 GMT 28 Apr 94

[Text] Tokyo, April 28 KYODO—Newly named Construction Minister Koji Morimoto said Thursday [28 April] he plans no change in the policy of the former government of Prime Minister Morihiro Hosokawa to boost Japan's public works projects program for the current decade.

"I think the program should be expanded. I want to study it more," he told reporters at a news conference, his first as construction chief.

The former Hosokawa government decided to add more projects to the 430 trillion yen program, which was set up in line with Japan's agreement on the structural impediments initiative (SII) talks with the United States concluded in June 1990.

Construction Firms' Orders Fall in FY 1993

OW2804133794 Tokyo KYODO in English 1302 GMT 28 Apr 94

[Text] Tokyo, April 28 KYODO—Orders obtained by 50 major Japanese construction firms in fiscal 1993 ended March 31 posted a 17.4 percent fall from the previous year to 18.91 trillion yen—the third consecutive yearly decline, the Construction Ministry announced Thursday [28 April].

Reflecting the continued recession, private-sector orders declined 22.7 percent to 11.2 trillion yen—also the third straight yearly fall.

Public-sector orders also went down 10.7 percent to 6.41 trillion yen—the first year-on-year fall in eight years.

Ministry officials said public-sector orders fell because central and local governments barred the major construction companies involved in bribery scandals from making bids for some months by way of penalty.

Orders obtained in March, the last month of the fiscal year, by the 50 companies declined by 15 percent from the year before to 3.05 trillion yen—the 14th monthly year-on-year fall in a row.

Private-sector orders plummeted 26.8 percent to 1.75 trillion yen, while public-sector orders increased 10.2 percent to a record 1.11 trillion yen.

Bureaucrats in Senior Contractor Posts Reported

OW0305102794 Tokyo KYODO in English 0956 GMT 3 May 94

[Text] Tokyo, may 3 KYODO—Of some 1,000 senior executives in 38 major Japanese construction companies, 238 were formerly bureaucrats in government ministries or officials of local autonomous bodies or of state-run corporations, a labor union report said Tuesday [3 May].

Of the 238 executives, 67 were from the Construction Ministry, 30 were from the Agricultural, Forestry and Fisheries Ministry, 18 from the Transport Ministry and 15 from local governments, according to the 6,500-member union formed by workers at public corporations.

It spent about 18 months analyzing lists naming retired bureaucrats from ministries and tracked their next steps, as part of its efforts to look into the practice of "amakudari."

"Amakudari," literally meaning descent from heaven, is a common practice in which retired bureaucrats are hired by companies or public corporations having connections with the ministries.

The union also surveyed the whereabouts of 440 retired career bureaucrats from the Construction Ministry, with cooperation from construction firms' labor unions, union officials said.

Of those, 204 were working at private-sector firms, 177 at nonprofit organizations under the jurisdiction of the Construction Ministry, 49 were at state-run corporations, while 20 had become politicians and 12 professors, it said. Twenty-two of the retired bureaucrats held multiple posts, it added.

Of the 440 retirees, the union discovered that 111 had been accepted by companies after they had worked at nonprofit organizations or state-run corporations, union officials said.

The National Public Service law bans bureaucrats from working at companies related to their previous ministry duties for two years after retirement, but they are free to go to public firms.

Some bureaucrats were hired by companies via public corporations apparently because of the regulation, the officials said.

New Vice Chairmen of Keizai Doyukai Elected

OW2704091594 Tokyo KYODO in English 0833 GMT 27 Apr 94

[Text] Tokyo, April 27 KYODO—The Japan Association of Corporate Executives (Keizai Doyukai) on Wednesday [27 April] elected as its Vice Chairman Jiro

Ushio, chairman of special lamp maker Ushio Inc., and Yoshihiko Miyauchi, president of leasing firm Orix Corp.

The election came at an annual general meeting of the leading Japanese business organization, officials said.

Ushio and Miyauchi replaced Joichi Aoi, chairman of Toshiba Corp. and Josei Ito, president of Nippon Life Insurance Co., who both retired as vice chief of the organization.

The meeting also approved the reappointment as vice chairman of Tasuku Takagaki, president of the Bank of Tokyo, Tatsuro Toyoda, president of Toyota Motor Corp. and Takashi Imai, president of Nippon Steel Corp.

Apr Car Sales Reportedly Down 6.6 Percent

OW0205102594 Tokyo KYODO in English 0905 GMT 2 May 94

[Text] Tokyo, May 2 KYODO—Japan's new car sales in April fell 6.6 percent from a year before to 372,755 vehicles but down by a sharp 45.1 percent from the previous month, an automobile industry group said Monday [2 May].

Sales of passenger cars fell by 6.1 percent to 259,249, while those of trucks declined 7.4 percent to 111,801, the Japan Automobile Dealers Association said.

Bus sales fell 21.5 percent from a year earlier to 1,705.

Of the passenger cars, sales of cars with engine capacity of more than 2 liters grew for the first time in six months, rising 1.2 percent to 51,782.

Sales of passenger cars with engine sizes ranging from 660 cc to 2000 cc fell 7.8 percent to 207,467, continuing the decline that started in April last year.

All the major automakers except Fuji Heavy Industries Ltd. saw sales dropping.

Toyota Motor Corp., Japan's biggest automaker, saw its sales in April fall 7.0 percent from a year earlier, while No. 2 Nissan Motor Co. registered a 16.3 percent decline, and Honda Motor Co. an 18.4 percent drop.

In contrast, imported car sales jumped 45.0 percent from April last year to 24,253 vehicles, the association said.

Fuji enjoyed a 55.3 percent rise in sales due to its "Legacy" model which was popular following the renewal of its type last year.

In March, the decline in overall sales shrank to 3.8 percent, and hopes have spread in the auto industry that sales figures would recover, particularly with the reduction of the car consumption tax from 4.5 percent to 3 percent in April.

However, the companies went too far in March in discounting auto prices ahead of the consumption tax cut and the fall in April was a natural response to the boost in sales during March, said an official at the association.

"I'm afraid a recovery might be delayed until the latter part of this year," the official said.

Home Trading Via Multimedia System Studied

OW2704092594 Tokyo KYODO in English 0820 GMT 27 Apr 94

[Text] Tokyo, April 27 KYODO—Japan's "big four" brokerage houses have started preparations for the use of multimedia system for home stock trading, industry officials said Wednesday [27 April].

The officials said Daiwa Securities Co. has formed a team of experts to study ways to enable customers to engage in stock trading at home using the interactive system.

Customers can call up on the screen all necessary data, including the business results of interested firms and economic indexes while listening to advice from salespeople, they said.

Similar studies are being made by three other brokerages, including Nomura Securities Co., the officials said.

They said investors will be able to engage in stock trading at home when the multimedia system for home use is introduced.

The securities companies introduced home trading in 1988 using television game machines, but the existing system cannot meet the needs of customers because the volume of information provided is limited.

Farm Group on Agriculture Reconstruction Plan

OW2604141894 Tokyo KYODO in English 1139 GMT 26 Apr 94

[Text] Tokyo, April 26 KYODO—The group governing agricultural cooperatives said Tuesday [26 April] it has drafted a proposal for agriculture reconstruction, centering on a review of the controversial Food Control Law.

The Central Union of Agricultural Cooperatives (Zenchu) said the proposal also calls on the government to increase stockpiles of rice, including imported rice, to about two million tons.

The union also urged the government to review its policy of rice production cutbacks under which farmers are imposed a uniform quota for acreage reduction.

The proposal is in line with the government policy of deregulation to cope with a partial opening of Japan's rice market, union officials said.

The officials said the union wants the government to adopt a pricing system aimed at promoting consumption of domestically produced rice.

Rice held in government stock should be used not only for table use but also for animal feeds and foreign aid, the officials said.

They said the government should seek the people's understanding for an extra cost of about 219.3 billion yen for the rice stockpiles.

The proposal will be examined further before it is submitted to the government on June 8, when the union will come up with its demand for prices of newly reaped rice this year, they said.

Farm Minister Urges Domestic Rice Price Cut

OW2804142094 Tokyo KYODO in English 1358 GMT 28 Apr 94

[Text] Tokyo, April 28 KYODO—The new farm minister Thursday [28 April] called for a cut in the price of Japanese rice.

Agriculture, Forestry and Fisheries Minister Mutsuki Kato made the call in his first news conference after assuming his new post earlier in the day.

He said that in determining the government's purchase price of rice, harvested in 1994, the difference between domestic and overseas prices should be narrowed.

North Korea

Foreign Ministry Spokesman on IAEA Inspection

SK0305141394 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 3 May 94

[Text] In response to a question from a Korean Central News Agency reporter regarding the replacement of fuel rods at the five-megawatt experimental nuclear power station, a spokesman for the DPRK Foreign Ministry today gave the following answer:

In connection with the replacement of fuel rods at the five-megawatt experimental nuclear power station, we and the International Atomic Energy Agency [IAEA] Secretariat recently exchanged many telex messages. Under our special position [tuksuhan chiwi] in which we temporarily suspended the effectuation of the withdrawal from the Nuclear Nonproliferation Treaty [NPT], out of a consistent position to show the irreproachability [kyolbaeksong] of our nuclear activities, we decided to subject the upcoming replacement of fuel rods to the thorough surveillance of the agency. Therefore, we decided to allow agency inspectors to observe [iphoe] the replacement of fuel rods to verify that the nuclear material is not diverted for other, nonpeaceful purposes [tarun pipyonghwajok mokchoge yuyong].

The agency's observance activities, which we decided to allow, include the observance [kwanchuk] of the replacement of fuel rods, containment and surveillance [pongswaewa kamsi] of all replaced fuels, and all other contents of inspection sufficient enough to ensure the continuity of safeguards [tamboui yonsoksongul pojanghanunde chungbunhan sachal naeyongduri]. We also immediately issued visas for the five inspectors, which the agency requested. As shown, we made all possible efforts to prove the transparency [tumyongsong] of our nuclear activities even though we are under a special position.

Nevertheless, the IAEA Secretariat is now making an unreasonable request [pudanghan yongu] to select, preserve, and measure [sontaek pogwanhago chukchong] some fuel rods during the fuel rod replacement.

Saying that it would select and measure fuel rods means that it would conduct regular and irregular inspections [chonggi mit pijonggi sachal] after ignoring [musi] our special position in which we temporarily suspended the withdrawal from the NPT. This can in no way be allowed [tojohui hoyongdoelsu opta].

The only inspection activity that we can allow as a voluntary goodwill measure at present is an inspection purely to ensure the continuity of safeguards to prove that the nuclear material is not diverted for other purposes in compliance with our special position [hyondangyeeso uriga chawonjogin sonuiui chochiro hoyonghaejulsu innun sachal hwaltongun uriui tuksu chiwie matke haengmunchiri tarunmochoge yuyongdoejiannundanungosul hwaginhanun sunsu tamboui yonsoksong pojangul wihan sachal ppunida].

Allowing the agency to subject all replaced fuel rods to its containment and surveillance and to verify that they are not diverted for other purposes is the expression of our greatest goodwill [uriui choedaeui sonuiui pyosi].

The IAEA Secretariat, however, is insisting on unfair demands, while openly ignoring our special position. This is clear proof that the IAEA Secretariat is still treating us with prejudice, while using suspicions of us as an excuse and that the IAEA's partiality keeps expanding.

The IAEA Secretariat, which has in the past fabricated inconsistencies by eliminating [word indistinct] samples, this time wants to measure selected parts of the fuel rods. This proves that it intends to continue to cling to the anti-Republic pressure commotion by eventually making new inconsistencies.

What cannot be overlooked is that the IAEA Secretariat is still not sending an inspection team, even though we have this time allowed inspections to ensure the continuity of safeguards and the so-called unfinished inspections, which was raised in the last inspection conducted in March.

This clearly shows that the IAEA Secretariat has been pursuing insidious political objectives by raising our nuclear issue at the IAEA Board of Governors meeting and the UN Security Council. If we allow the measurement of selected parts of the fuel rods under such circumstances, the IAEA Secretariat is sure to fabricate a new pretext in the anti-Republic pressure commotion. We can no longer let the IAEA Secretariat use our nuclear issue in the political game.

In case the IAEA Secretariat does not accept our reasonable proposal and insists on its unfair demands to the end, we cannot but replace the fuel rods in accordance with our operation plan.

In technical and security aspects, the replacement of the fuel rods is an urgent matter that cannot be delayed any more. Whether the IAEA inspectors are there to observe or not, the spent fuel counter, thermal luminescence detectors, and surveillance equipment installed by the IAEA in the experimental nuclear power plant are still operational, therefore, our fuel rod replacement work will be under thorough IAEA surveillance.

We will place all replaced fuel from the fuel rods under IAEA control and will allow examination when the nuclear issue is resolved in a package deal in future DPRK-U.S. talks.

In the event the IAEA Secretariat drives the situation to extremes, despite our maximum generosity and good intentions, correspondingly, we will resolutely counter this [urinun ungdang kue tanhohi taechohae nagal kosida].

With the resolution of the nuclear issue now reaching a gateway stage [kwanmunjok taemok], the IAEA Secretariat should think more deeply.

Alleges 'Unreasonable Demands'

SK0305153394 Pyongyang KCNA in English 1527 GMT 3 May 94

["If IAEA Secretariat Refuses To Accept Our Reasonable Proposal, We Will Have No Other Alternative But To Replace Fuel Rod, Spokesman of DPRK Foreign Ministry"—KCNA headline]

[Text] Pyongyang, May 3 (KCNA)—If the IAEA [International Atomic Energy Agency] Secretariat carries the situation into the extremities despite our utmost magnanimity and good will, we will resolutely counter it, warned a spokesman of the Foreign Ministry of the DPRK in his answer to a question put by KCNA today concerning the replacement of fuel rod at the 5-megawatt experimental nuclear power station.

He told KCNA the DPRK did not delay the issue of entry visas to five inspectors selected by the IAEA side so that they may be present at the place of the replacement of fuel rod and verify the non-diversion of nuclear material to non-peaceful purposes.

This notwithstanding, the IAEA Secretariat is raising an unreasonable demand for selecting, preserving and measuring some fuel at the time of the replacement of fuel rod, the spokesman said, and added:

This can never be allowed because it means routine and ad hoc inspections ignoring the DPRK's unique status following the temporary suspension of the effectuation of its declared withdrawal from the NPT [Nuclear Nonproliferation Treaty].

It is crystal clear that, if we allow the selective measurement of the fuel rod, the agency Secretariat will find a new pretext for a pressure on the DPRK.

If the agency Secretariat refuses to accept our reasonable proposal and persists in its unreasonable demand, we will have no other alternative but to replace the fuel rod according to our operation plan.

Whether the IAEA inspectors are present or not, the spent fuel rod counter, the thermo-luminescence detector and monitoring apparatuses installed by the IAEA at the experimental nuclear power station are operating continuously, and this means that our replacement of fuel rod is carried out strictly under the surveillance of the IAEA.

We can no longer allow the IAEA Secretariat to use our "nuclear problem" as a political expedient.

Nepalese Paper: Nuclear Issue 'U.S. Scenario'

SK0305064194 Pyongyang Korean Central Broadcasting Network in Korean ' 0810 GMT 2 May 94

[Unattributed talk: "Unwarranted Pressure Commotion by Brazen-Faced Ones"]

[Text] In its commentary entitled "The Korean Nuclear Issue Which Is a U.S. Scenario," the Nepalese newspaper (CHOL POL) dated 4 April wrote as follows: The situation on the Korean peninsula has become more tense and led to the brink of war due to the nuclear issue. This is totally because of the unfriendly [piuhojok] and unfair [pulgongjonghan] attitude of the International Atomic Energy Agency [IAEA] under the patronage of the United States. In fact, this is nothing but a scenario.

The DPRK allowed IAEA inspections for the continuity of safeguards and met all conditions for the inspections as agreed upon with the agency. However, the IAEA Secretariat overlooked this fact and concocted a new scenario according to the instruction of the United States. Now, why is it that the IAEA follows the United States? It is because this organization was built by the United States and is under its patronage.

Failing to control the nuclear activities and nuclear weapons of the United States, the largest nuclear possessor state in the world, the IAEA has instead protected them. The United States insists on the suspicion that North Korea is developing nuclear weapons. This is aimed at unconditionally applying pressure on this country, looking down on and regarding it as a small country. The United States is employing military pressure and threat.

As the Nepalese paper's commentary correctly indicates, in reality, the United States and the IAEA have been tenaciously waging an unwarranted pressure commotion against us by continuously coming up with the issue of implementing the safeguards agreement. This can be seen in the so-called statement issued recently by the president of the UN Security Council which called for the overall implementation of the safeguards agreement. Talk on implementation of the safeguards agreement is nothing but a far-fetched assertion lacking justification, because our country is, above all, in a unique situation of having temporarily suspended the effectuation of the withdrawal from the Nuclear Nonproliferation Treaty [NPT].

Our country's unique position was caused by the unwarranted acts of the United States and the IAEA. This is a fact officially recognized by the world. As is known, on 12 March of last year, we issued a statement to withdraw from the NPT in order to defend the socialist fatherland and the supreme interest of the nation. This was our Republic's extremely just, self-defending step against the U.S. nuclear threat and the IAEA's partiality.

However, later, as the United States responded to the proposal for DPRK-U.S. talks, we unilaterally suspended the effectuation of the withdrawal from the NPT temporarily under the condition that DPRK-U.S. negotiations for a peaceful solution to the nuclear issue continue on an equal and fair basis. This, however, does not mean a return to the treaty. Therefore, we are not obligated to implementing the safeguards agreement pursuant to the legal requirement for the treaty as treaty signatory countries are. This is particularly so considering the fact that, from a legal standpoint, the effect of the safeguards accord is in a virtual state of suspension.

Proceeding from our country's unique position, we have heretofore only received inspections to assure the mere continuity of safeguards, and not the regular and irregular inspections [chonggyu and pijonggyu sachal] pursuant to the safeguards accord which were frozen. As to our unique position, the United States and the IAEA Secretariat, as well, could not but recognize it. Nevertheless, the United States and the IAEA have been unreasonablly calling for the overall implementation of the safeguards agreement.

This vividly shows that they are attempting to use the safeguards accord as leverage for the realization of their insidious political purposes of refusing our unique position and crushing our Republic. We can never completely implement the safeguards accord unless the United States and the IAEA assure in their actions that they will not crush our Republic.

As the world is well aware, our signature of the safeguards accord with the IAEA was based on the premise that the depository states should neither deploy their nuclear weapons on the Korean peninsula nor pose any nuclear threat against us. Nevertheless, such a premise of ours has not been addressed at all. Rather, the United States, which is one of the depository states, is further posing a nuclear threat against us by openly making public that it will resume the Team Spirit joint military exercise, a test nuclear war against us, in November and by concentrating new type nuclear weapons, including Patriot missiles—which are mass destruction weapons—and other aggression armed forces on and around the Korean peninsula.

Our allowance of the inspection for the sheer assurance of continuity of safeguards corresponding to our unique position even under such a touch-and-go, dangerous situation is precisely our justified step. Inspections to assure the continuity of safeguards is enough to clearly prove that our nuclear materials have not been utilized for nonpeaceful purposes. We will never allow inspection activities which are equivalent to regular and irregular inspections unless the United States suspends its policy of obliterating the DPRK and its nuclear threat commotions and unless the IAEA Secretariat eliminates its partiality.

If the United States and the IAEA Secretariat respect our unique position, the nuclear issue will be smoothly resolved. We do not mean we will maintain our unique position forever. How long it can continue depends on the acts of the United States and the IAEA Secretariat.

The day when our unique position comes to an end will be the day when DPRK-U.S. talks are held and the immediate steps of simultaneous action for a complete solution to the nuclear issue under the principle of a package deal solution are put into practice. In this case, conditions for the complete implementation of the safeguards accord can be provided.

In the final part of its commentary, the Nepalese newspaper wrote: Western countries are now exerting all possible diplomatic efforts to isolate the DPRK, a small country. However, no matter how hard the West world may clamor, DPRK socialism will be ever victorious as no force in the world can crush [apsal] Korea. Western countries should realize this.

Pressure is not a way to solve the problem. Trying to solve the nuclear issue through peaceful means such as dialogue and negotiations is precisely our consistent position. Developments in the situation [satae palchon] depend entirely on the attitude of the United States and the IAEA Secretariat.

ROK Urged To Allow Woman To Come for Treatment

SK3004105294 Pyongyang KCNA in English 1014 GMT 30 Apr 94

["Entirely Just Compatriotic Step"—KCNA headline]

[Text] Pyongyang, April 30 (KCNA)—A NODONG SINMUN analyst today says it is an entirely just compatriotic step both from the humanitarian and national point of view that the North side recently proposed to the South side through a telephone message that Kim Chi-hyon, now an inpatient of the hospital attached to Hanyang National University in Seoul, be brought to the North for medical treatment.

Noting that Kim Chi-hyon, the first-born daughter of Kim Pyong- chu, an unconverted prisoner who died a few years ago after his release from prison, is a righteous-minded girl who attended on Yi In-mo, a former war correspondent of the Korean People's Army, when he was in a critical condition after a cerebral haemorrhage at the Pusan University Hospital, the news analyst says:

She had to have her ribs cut off in an operation for T.B. pyothorax at the hospital. Now, she is in a very critical condition, the inflammation spreading to the region of vertebrae.

She is aware that even a moment's suspension of treatment will endanger her life. Yet, she is intending to leave the hospital. She has to take care of three younger brother and sisters without anyone to rely on, and is unable to pay the daily increasing charges for hospitalization and operation.

We, as fellow countrymen, can never overlook the miserable situation of the 29-year-old fragile girl who is suffering from both a serious disease and mental ailments.

We deem it our bounden duty and obligation to fetch them to the northern half of the country at an early date to give medical treatment and take care of their life.

At present, a state of acute confrontation has been created between the North and the South. But that must not be an obstacle to the transfer of Kim Chi-hyon to the North.

A MINJU CHOSON analyst says the South Korean Red Cross must take an appropriate step at an early date to ensure that Kim Chi-hyon and her three brother and sisters receive medical treatment and be granted protection for their life in the northern half of the country, as proposed by the North.

Chondoist Chongu Party on ROK Nuclear Issue

SK0205215794 Pyongyang KCNA in English 1509 GMT 2 May 94

[Text] Pyongyang, May 2 (KCNA)—The spokesman for the Central Committee of the Chondoist Chongu Party in a statement issued Monday sharply denounces the feverish acceleration of the development of nuclear weapons by the Kim Yong-sam group, branding it as an undisguised perfidy in reducing the joint declaration on the denuclearisation of the Korean peninsula to waste paper and a never- to-be-condoned criminal act aimed at destroying the nation.

Recalling that the South Korean ruling quarters have pursued a policy of developing nuclear weapons from the early 1970s, the statement warns that if a war breaks out on the Korean peninsula owing to the reckless military provocations of the U.S. imperialists and the South Korean puppets, it will, no doubt, develop into a nuclear war, inflicting an irrevocable nuclear scourge upon the Korean peninsula and its surrounding countries.

The statement demands that the Kim Yong-sam group promptly stop the development of nuclear weapons which would bring horrible disasters to the nation and dismantle the pressurized heavy water reactor (PHWR) and multi-purpose research reactor.

Noting that the United States is the very one standing in the way of the solution to the nuclear issue of the Korean peninsula, the statement urges the United States to come out to the DPRK-USA negotiating table for a fundamental solution of the nuclear issue of the Korean peninsula.

The International Atomic Energy Agency which has so far resorted to a double standard, abandoning the principle of impartiality in nuclear inspections, should apologize for the fact that it has joined the United States in its anti-DPRK campaign and closed its eyes to the development of nuclear weapons through the PHWR for military use and the multi-purpose research reactor by the South Korean puppets, the statement says.

Commentary Views ROK Hwarang Military Exercise

SK0305071594 Pyongyang Korean Central Broadcasting Network in Korean 1220 GMT 3 May 94

[Commentary by Yun Pyong-son: "Bellicose Nature Cannot be Concealed"]

[Text] The Kim Yong-sam puppet clique frantically staged the so-called Hwarang war exercise in Inchon and the areas of Kyonggi Province during 25-29 April.

The puppets are now raving that this war was aimed at countering someone's infiltration and enhancing defense preparedness. However, this is nothing but a sophism to mislead the media at home and abroad and to conceal their bellicose nature.

The entire world officially recognizes that there is no such threat of a southward invasion on the Korean peninsula. Even though the puppets are raising a clamor as though we would at once invade the South, many patriotic figures who have visited the Northern half of the Republic unanimously say that there was no such moves, and that they have not detected any of those moves, and that North Korean society is in peace.

Not long ago, traitor Kim Yong-sam himself virtually denied the rumors on the threat of a southward invasion by saying that the rumors on the war crisis on the Korean peninsula stemmed from the U.S. media's irresponsible reports. This vividly proves the absurdity of the rumors on the threat of a southward invasion babbled by the puppets.

There is no such southward invasion but a northward invasion on the Korean peninsula. This can be clearly seen in the content of operations and the massive number of personnel that were mobilized in staging the recent exercise.

In the recent Hwarang exercise, the Kim Yong-sam clique mobilized the puppet army, navy, and air force and police, and reserve forces—over 1.3 million in all—and perpetrated a surprise mobilization exercise, a joint operation among Army, Navy, and Air force, an airborne-operation, and a land operation in an atmosphere of real warfare. What is more, they are bluffing of a war-winning posture in the event of the firm establishment of an emergency situation.

Denial of rumors on the war crisis while staging the Hwarang war exercise and babbling about the firmness of war-winning posture, clearly show that such war an exercise is part of their maneuvers to provoke a war of aggression against the North.

As a matter of fact, it is an established fact that the South Korean puppets are attempting to provoke a war of aggression against the North with the U.S. imperialists.

The U.S. imperialists, on the pretext of stopping the North's nuclear development, have not withdrawn their naval armed forces concentrated on the waters of the Korean peninsula. Worse still, they say they are ready for war and are massively introducing combat equipment, including the latest-type Patriot missiles and Apache attack helicopters into South Korea.

In the meantime, the South Korean puppets, along with the U.S. imperialists, have mapped out a northward invasion plan called the New Operation Plan 5027 and are playing with fire to carry it into practice.

The U.S. imperialists have perpetrated aerial espionage on the northern half of Korea on 250 occasions in April alone. This clearly shows how desperately the rascals are running about in their maneuvers for a war of aggression against the North.

Timed to coincide with this, the Kim Yong-sam clique staged the Hwarang exercise by mobilizing the puppet army, police, and reservists. It is obvious that the Hwarang war exercise is aimed at provoking a war of aggression against the North to drive not only the puppet army but also the para-military forces and inhabitants into it. The puppet clique cannot by any means conceal its bellicose nature, and only runs out to the road of confrontation and war.

The Kim Yong-sam clique's criminal acts of rejecting the fellow countrymen's proposal on convening a great national meeting; turning the Korean peninsula into a war ground; becoming a vanguard of implementing the U.S. policies of invasion and war; and bringing in the fiery cloud of war on the Korean peninsula will never be tolerated.

We (?want dialogue), but we are not in any sense afraid of war. If the puppets set the fire of war on this land, our people and our People's Army will rise as one to provide the rascals with ignominious defeat.

The Kim Yong-sam puppet clique should look squarely at the unshakable will of our people who do not say empty words, and should not act recklessly like a puppy with no fear of a tiger.

'Recent' Moves by Kim Yong-sam Denounced

SK0305112694 Pyongyang KCNA in English 1105 GMT 3 May 94

["War Hysterics"—KCNA headline]

[Text] Pyongyang, May 3 (KCNA)—The traitor Kim Yong-sam Monday [2 May] summoned officials of the "Unification and Security Policy Coordinating Council," groundlessly vilified the North over fictitious "increase of military exercises" and "ordered" the entire puppet Armed Forces to take a "round- the-clock maximum alert posture," according to a radio report from Seoul.

This is a step to mobilize the puppet Armed Forces in a war against the North any moment. This shows the puppets' plan to unleash a war against the North has reached a very dangerous stage.

The Kim Yong-sam puppet clique's order to the puppet Defence Ministry came in the wake of U.S. Defense Secretary Perry's recent visit to South Korea during which he had military confabs to carry out new Operation Plan 5027, a war scenario against the North. It is clear what the order is aimed at.

The fact eloquently proves that the U.S. imperialists and the South Korean puppets are the very ones driving the situation on the Korean peninsula to the brink of war and their reckless new war provocation moves are a main factor of an unpredictable event.

The outcry of the Kim Yong-sam clique over the "increase of military exercises in the North" is no more than a trick to mislead public opinion and justify its new war provocation moves.

Lurking behind it is a sinister intention to lull the strong fighting spirit of the South Korean people for ousting the Kim Yong- sam puppet clique and divert their attention elsewhere.

Facts show the Kim Yong-sam clique is a group of traitors who are indifferent to peace in the country and harmony of the nation and seek confrontation and war to place the nation on the altar of big powers at the instigation of outside forces.

Daily Supports 'Struggle' of ROK Students

SK3004115294 Pyongyang KCNA in English 1039 GMT 30 Apr 94

["Righteous Struggle of South Korean Students Cannot Be Blocked"—KCNA headline]

[Text] Pyongyang, April 30 (KCNA)—The current anti-U.S., anti-war, anti-"government" struggle mounting among the South Korean students is a righteous struggle, which shows their strong will to defend the dignity and interests of the nation, declares NODONG SINMUN in a commentary today.

Recalling that the South Korean Federation of General Student Councils (Hanchongnyon) at a press conference on April 25 on the first anniversary of its inauguration expressed the determination to intensify the anti-U.S., anti-Kim Yong-sam struggle, saying there is nothing to expect from the Kim Yong-sam puppet regime, the analyst goes on:

The U.S. imperialists are deploying massive reinforcements of the aggression forces including Patriot missiles in South Korea, crying for the resumption of the "Team Spirit" nuclear war exercises and staging war gambles against the DPRK almost every day together with the puppets, while putting an undisguised pressure on the DPRK in the international arena over its "nuclear issue".

Unable to tolerate the dignity and interests of the nation being encroached upon by outside forces and the beloved fellow countrymen being threatened with a nuclear disaster, the South Korean students have risen up valiantly in the anti-U.S., anti-war struggle to remove their root cause.

The Kim Yong-sam fascist clique are now running about like a headless chicken to block the righteous and patriotic struggle of the students.

The traitor Kim Yong-sam clique ruthlessly cracking down on their righteous struggle will face curses and denunciation by the whole nation.

The just struggle of the South Korean students cannot be blocked with anything.

Anti-U.S. 'Struggle' by People in South Hailed

SK0305042894 Pyongyang Radio Pyongyang in Korean to South Korea 0935 GMT 29 Apr 94

[Unattributed talk: "The Just Struggle of South Korean Youth and Students"]

[Text] The dear leader Comrade Kim Chong-il has indicated: The South Korean youth and students have played a vanguard and leading role in promoting the South Korean people's just anti-U.S. struggle and their struggle for independence, antifascist democratization, and national reunification. Our nation is proud of their heroic struggles.

Today youth and students are vigorously struggling to pull out outside forces and their nuclear weapons from South Korea. As has been already reported, the United States has largely reinforced and deployed its arms of aggression to South Korea under the pretext of the nuclear issue and has aggravated tensions on the Korean peninsula along with the puppets. Such a criminal act by the United States has aroused the indignation and protest of the South Korean youth, students, and people from all walks of life.

On 19 April, approximately 500 youth and students waged a harsh anti-U.S. demonstration in front of the U.S. Cultural Center in Taegu, shouting slogans that they oppose the introduction of Patriot missiles to South Korea, as well as the National Assembly's ratification of the opening of agricultural product markets. On the same day, when they failed to occupy the U.S. Cultural Center because of the violent oppression by the combat police forces, the demonstrators continued to bravely fight against them, thus throwing stones at them. On 18 April, youth and students in Taegu held a rally in front of the Taegu department store to mark the 34th anniversary of the 19 April people's uprising and condemned the nation-selling and treacherous Kim Yong-sam clique's antinational and flunkeyist act.

The National Alliance of College Students Organization [Hanchongnyon], a mass-oriented struggling organization which is made up of the South Korean youth and students, declared that it would reaffirm that the anti-U.S. struggle is particularly a basic road to the nation's democratic movement, saying that the movement for independence, democracy, and reunification must be earnestly carried out. Thus, it has bravely risen up to participate in the just struggle of the South Korean youth and students under the resolution that it will take the lead in promoting the nation's just anti-U.S. struggle and their struggle for independence that will defend the nation's existence and dignity.

On 20 April, approximately 150 Hanchonnyon students penetrated into the building of the puppet Defense Ministry in which the U.S. secretary of defense and the puppet defense minister had plotted together a war conspiracy and waged demonstrations under the placards entitled "We Oppose the United States and the Visit by William Perry; We Don't Want a War; and Yankee Go Home." Also a group of youth and students in Seoul waged demonstrations in front of the U.S. Embassy in Seoul by breaking through a tightly-guarded siege of police, shouting the anti-U.S. slogans "We Hate Patriot Missiles" and "We Hate William Perry."

The anti-U.S. struggle vigorously waged in South Korea has been further reinforced along with the antigovernment struggle. Participants in the struggle have denounced that the puppet Kim Yong-sam clique is more treacherous and flunkeyist than any other South Korean rulers in the past.

According to a decision by Hanchongnyon, students in Pusan—who resolved on 8 April to go on strike, hold rallies, and stage demonstrations against the National Assembly's ratification of the opening of the agricultural product market—continued struggles even until later that night and, thus, made the nation-selling and treacherous Kim Yong-sam clique shudder.

Approximately 1,000 students, who participated in the struggle waged during the daytime, carried out an offensive and defensive battle against the combat police force units for nearly three hours from 1900 to 2200 that day.

Youths and students—who are infuriated at the South Korean authorities' antinational opening of agricultural product markets—even attacked the branch offices of the Democratic Liberal Party in Kwangju and in Taegu.

In Kwangju, approximately 400 youths and students staged demonstrations in front of the South Cholla Provincial local branch of the Democratic Liberal Party and continued struggles by throwing some 50 paint bottles at its branch building and shouting slogans that called upon the government not to sign the Uruguay Round accord.

The students of Myongji, Yonsei, and Hongik Universities, who belong to the western district branch office of the Seoul District Federation of General Students, have also waged the just struggle. On 26 April, approximately 700 students held rallies and demonstrations to mark the 3d anniversary of the death of student Kang Kyong-tae, thus raging against the fascist murders. Participants in rallies prayed for the bliss of their fellow student who sacrificed himself in the sacred struggle for independence, democracy, and reunification and then strongly condemned the military fascist elements who had mercilessly killed the young patriotic student.

Through their practical struggles, the South Korean youths and students have been clearly aware that the aspiration of the youths, students, and people for independence, democracy, and reunification can never be achieved as long as there are outside forces remaining in South Korea. The outside forces will be also doomed to a greater disaster.

Therefore, the South Korean youth, students, and people are now vigorously conducting the anti-U.S. and antigovernment struggles to save the fellow countrymen's lives—which are more important than their youth and lives—even under a warlike atmosphere in which the fascists act rashly.

The wise and brave youths and students in South Korea—who strongly call for the withdrawal of the U.S. Forces from South Korea despite the fascists' clubs and bullets—will continue to fight on until the U.S. Forces stationed in South Korea are fully withdrawn from this land. This is the will and vigor of our youths and students in the colonial South, as well as the unanimous voices of the South Korean youths, students, and people. Thanks to the struggle of the wise and brave youths, students, and the people, South Korea has been turned today into an anti-U.S. struggling place where the struggles are waged more harshly.

The puppet South Korean clique should be clearly aware of the will and faith of youths, students, and people who aspire for independence, democracy, and reunification. They should act with discretion. The wise and brave youths, students, and people in South Korea should firmly cooperate with each other under the anti-U.S. and antiwar banner. As a result, they will more vigorously carry out the struggles to achieve independence, democracy, and national reunification.

Envoy to Thailand: U.S. Violated Cease-Fire

BK0105104194 Bangkok THE SUNDAY NATION in English 1 May 94 p A2

[Excerpt] The North Korean Ambassador to Thailand, Yi To-sop, yesterday said the United States' arms build-up on the Korean Peninsula was a main reason for North Korea's call for a new peace treaty to replace the 1953 armistice agreement.

In an interview with THE NATION, Yi accused the United States of "openly" violating the ceasefire agreement by sending Patriot missiles to the peninsula in addition to several other previous "covert" violations. "This is considered paralyzing the agreement," said Yi.

The armistice was signed between the US command, a US-led coalition of troops from 16 Western allies, and North Korea in 1953 to halt the 1950-1953 Korean War. The two Koreas are technically still at war in the absence of a peace treaty.

In reaffirming the North Korean Foreign Ministry's April 28 statement, the ambassador said a new peace treaty was necessary to establish a new peace security system and to prevent an arms build- up and the recurrence of war.

Pyongyang on Thursday also proposed direct negotiations with Washington on a new treaty. The proposal was rejected by both Washington and Seoul, which said it was a tactic to divert the world's attention from nuclear tension caused by North Korea's suspected nuclear weapons program

US officials said the peace accord was a matter between North and South Korea, not the United States and was a separate matter from the nuclear row. They said the settlement of the nuclear issue was an imperative.

Yi also accused Washington of meddling in an inspection in March by an International Atomic Energy Agency team by presenting unacceptable conditions.

The ambassador said there should be no conditions for future international nuclear inspections of North Korean nuclear facilities.

Yi said the whole thing was a US ploy to pressure North Korea to open up the country and its market. This was much the same as the way the United States used human rights issues to coax China to free up its market to US products, he said. [passage omitted]

U.S. Forces Still Pursue 'Policy of Strength'

SK0305103294 Pyongyang KCNA in English 1025 GMT 3 May 94

["Aggression Forces Targeted Against Asian Countries"—KCNA headline]

[Text] Pyongyang, May 3 (KCNA)—The U.S. bellicose quarters' cries for reinforcement of the U.S. Forces stationed in Japan allegedly to "cope with the increasing danger of disputes" show they still pursue the policy of strength toward Korea and Asia, stresses NODONG SINMUN in a bylined article today.

The article says:

The U.S. and Japanese reactionaries claim that the maintenance and reinforcement of the U.S. Forces in Japan is something for "Japan-U.S. security." But it is a lie, a deception and a mockery of the peaceloving peoples in Asia and the rest of the world.

The purpose of the U.S. strategy toward Asia is to dominate and control the Asian countries with strength. In this the United States is going to use its ally Japan close to the Asian continent as well as South Korea as a military foothold and bridgehead.

In Japan there are more than 120 U.S. bases and setups, about 50,000 U.S. troops and large quantities of military hardware.

The U.S. troops and bases in Japan are a product of the U.S. cold war policy. Now that the cold war has ended, they must be withdrawn.

The United States' reinforcement of its forces in Japan shows it schemes to realise its aggressive designs on Asian countries at any cost.

The major task and function of the U.S. troops and bases in Japan are to maintain U.S. military threat and ensure its armed intervention in Asia. The basic mission of the U.S. Forces in Japan is, in a nutshell, to play the role of a shock brigade in the aggressive Asia strategy of the United States.

The aggressive nature of the U.S. troops and bases in Japan finds graphic expression in that they never stay away from the war exercises staged in the Asia-Pacific region. They were feverishly active in Rimpac, Pacex and other large- scale military exercises, which were not for "U.S.-Japan security" but against Asian countries.

By keeping its aggression forces and military bases in Japan, the United States plans to prevent Japan's deviation from its track of war and strengthen the U.S.-Japan military integration. The United States installed nuclear bases in Japan, armed its troops in Japan with nuclear weapons and turned Japan into an "unsinkable nuclear aircraft carrier," increasing the danger.

This proves that the United States uses its forces in Japan as a lever to gain nuclear predominance in Asia and threaten and attack other countries with nuclear weapons.

It must not go unnoticed that the operations of the U.S. Forces in Japan focus on Korea. They are on alert for operation in Korea any moment. The description of the forces as a "deterrent to disputes" by the U.S. ruling circles is a sophism.

The U.S. Forces and bases in Japan are the root cause of threat to the sovereignty and independence, peace and security of Korea and other Asian countries. Nothing can conceal their dangerous nature.

Kim Ki-nam Meets With PRC Party Delegation

SK0305152594 Pyongyang KCNA in English 1520 GMT 3 May 94

[Text] Pyongyang, May 3 (KCNA)—Kim Ki-nam, secretary of the Central Committee of the Workers' Party of Korea, today met and had a friendly conversation with a party workers delegation of the Communist Party of China [CPC] headed by Bai Keming, deputy head of the Propaganda Department of the CPC Central Committee, at the Mansudae Assembly Hall.

'Hostile Acts' Against Korean Residents in Japan

SK0105084994 Pyongyang KCNA in English 0821 GMT 1 May 94

["Prompt Halt to Anti-Chongnyon Moves Urged"—KCNA headline]

[Text] Pyongyang, May 1 (KCNA)—Papers here today say the recent grave hostile acts against organizations of the General Association of Korean Residents in Japan (Chongnyon) and Koreans in Japan are unprecedented since the formation of Chongnyon and they are premeditated and organized provocations of the Japanese reactionaries who have resorted to anti-DPRK, anti-Chongnyon moves, motivated by a sinister political aim.

A NODONG SINMUN analyst says:

Very ill-boding is the situation today when the Japanese reactionaries are intensifying crackdown on and persecution of Chongnyon and Koreans in Japan.

Koreans in Japan are those who were forcibly taken to Japan by the Japanese imperialists during their colonial rule, and their descendents, and Chongnyon is a patriotic and democratic organization of citizens overseas of the DPRK.

It is a legal and moral obligation of the Japanese authorities to guarantee legitimate activities of Chongnyon and the democratic national rights of Koreans in Japan.

Nevertheless, the Japanese authorities forcibly searched Chongnyon organizations by invoking government power on charges of "forcible obstruction of business" which had nothing to do with Chongnyon and goaded a rightwing gangsters' group on to undisguised suppression and provocations against Chongnyon and Koreans in Japan. This is an unjustifiable, rude behavior.

We who regard the dignity of our country and nation as our life and soul will consider any crackdown on Chongnyon and its affiliated organizations and Koreans in Japan an encroachment on the dignity and sovereignty of our Republic and decisively counter it.

The Japanese authorities should ponder over unpredictable grave consequences to be entailed by their reckless behavior and immediately renounce their policy hostile to the DPRK and anti-Chongnyon moves.

'Thinking of Japan-Korea Friendship' Meeting

SK0205104194 Pyongyang KCNA in English 1014 GMT 2 May 94

[Text] Tokyo, April 30 [date as received] (KNS-KCNA)—Japanese figures of different circles held a meeting for thinking of Japan-Korea friendship in Kyoto on April 23.

Speeches were made at the meeting attended by Azuma Okuda, chairman of the International Higher Institute; Hiroshi Wakabayashi, secretary general of the Japan Committee for Supporting the Independent and Peaceful Reunification of Korea; Hisateru Mitsuda, honorary professor at Kyoto University; and other political, public and academic figures and men of the press, 400 in all.

Liberal-democratic member of the House of Representatives Hiromu Nonaka in his speech charged that the Japanese ruling coalition was spreading anti-DPRK public opinion over the "nuclear problem" of the DPRK.

"The Japanese people" he said "should strive to make the relations with the DPRK very close ties and restore Japan- Korea friendship and confidence."

Prof. Motofumi Asai at Meijigakuin University in his speech pointed out that the United States is crying over the "nuclear problem" of DPRK for the purpose of putting down public opinion for disarmament at home.

Honorary Prof. Toshiyuki Toyota at Nagoya University in his speech said the Japanese media were distorting facts by quoting a part of Western reports and the International Atomic Energy Agency was applying a double-standard policy regarding the "nuclear problem" of the DPRK.

Lawyer Yoshihiro Sorano said that, in view of Japan-Korea friendship, the issue of postwar settlement must be solved properly and the conditions of the Koreans in Japan be improved.

Crew of Honduran Ship Celebrates Army Day

SK2704231994 Pyongyang KCNA in English 1515 GMT 27 Apr 94

[Text] Pyongyang, April 27 (KCNA)—Crewmen of Honduran ships "Annies-1" and "South China" staying at Nampo port, a port city on the west coast of Korea, held a meeting in Pyongyang on April 25 to celebrate the 62nd founding anniversary of the heroic Korean People's Army.

Fu Jixuan, captain of the ship "Annies-1", said in his speech that the Korean Revolutionary Armed Forces which defeated the Japanese and U.S. imperialists, under the leadership of the great leader Comrade President Kim Il-song, have grown to be invincible ranks that no formidable imperialist enemy can dare provoke, as they hold dear Comrade Kim Chong-il in high esteem as their supreme commander, and they are firmly guaranteeing the victory of the socialist cause with arms.

Xing Yiming, captain of the ship "South China", noted in his speech that, visiting Pyongyang, they witnessed wonderful looks of the capital and learned well that all the successes are entirely results of the wise guidance of the dear leader.

Zhang Chunliang, chief engineer of the ship "Annies-1", said while visiting the monument to the victory in the fatherland liberation war, the monument to the fallen fighters of the People's Army and the friendship tower, he deeply felt revolutionary fidelity and warm love of the dear leader Comrade Kim Chong-il, supreme commander, who gave eternal life to heroic soldiers who devoted their lives to the just struggle against the common enemies aid made shine their noble spirit for ever.

A congratulatory letter to Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korea People's Army, was adopted at the meeting.

Prior to the meeting, the crewmen visited Mangyongdae, the monument to the fallen fighters of the People's Army, the friendship tower and the monument to the victory in the Fatherland Liberation War.

Foreign Party Leaders Support Nation's Struggle

SK3004112894 Pyongyang KCNA in English 1029 GMT 30 Apr 94

[Text] Pyongyang, April 30 (KCNA)—The Central Committee of the Workers' Party of Korea received solidarity messages from foreign parties and party leaders supporting the Korean people's struggle for defending the dignity of their nation and the sovereignty of their country.

The messages came from Jean Pierre Ngambi, general secretary of the Communist Party of Cameroon, Eduardo Mora Valverde, convenor of the Central Committee of the People's Party of Costa Rica, Humberto Vargas Carbonel, secretary general of the Central Committee of the People's Vanguard of Costa Rica, Stevan Mirkovic, president of the League of Communists of Yugoslavia, Otete Gaston Mboyo, national chairman of the National Movement of the Genuine Lumumbist Combatants of Zaire, the National Executive Committee of the Communist Party of the Congo and the Central Committee of the Galicia People's Union of Spain.

The National Executive Committee of the Communist Party of the Congo in its message expressed full support to the just measure taken by the DPRK Government to defend the security and sovereignty of the country. It contended that the nuclear issue of Korea should be solved through DPRK-USA negotiations, not by means of "sanctions" or pressure.

The message from Zaire urged that the United States should immediately stop all its crafty moves to provoke another war on the Korean peninsula and that the International Atomic Energy Agency should act with discretion in accordance with its mission as a genuine scientific organization.

The general secretary of the Communist Party of Cameroon in his message demanded a prompt halt to all the attempts to lead the situation on the Korean peninsula to the brink of a war.

Foreign Media Notes Kim Il-song's Birthday

SK0205104494 Pyongyang KCNA in English 1026 GMT 2 May 94

[Text] Pyongyang, May 2 (KCNA)—Foreign mass media gave special write-ups on the occasion of the birthday of the great leader President Kim Il-song.

The Pakistan paper NIDAE WAQT April 15 gave special write-ups with a portrait of President Kim Il-song.

The paper edited articles titled "Kim Il-song, the Great Sun" and "Warm Congratulations to His Excellency President Kim Il-song, the Great Leader of the Korean People, on His 82nd Birthday."

It wrote in the preface:

Today the Korean people and the world people are grandly celebrating the birthday of President Kim Il-song as a common auspicious fete of mankind. President Kim Il-song has turned Korea into a powerful socialist country independent in politics, self- sustaining in the economy and self- reliant in national defence in a short historical period, and a people's paradise.

He enjoys boundless respect and reverence of the Korean people and the world revolutionary people as the most outstanding leader of the working class for his immortal feats and contributions to the Korean revolution and the world revolution.

The Tanzanian paper MFANYA KAZI, the Yemeni paper AS-RAI AL-AAM, the Nepalese paper MAJADUR KISSAN, the Guyanese paper NEW NATION and the Ugandan paper THE NEW VISION gave special write-ups.

The Exito Radio of Peru, a radio of Equatorial Guinea, the Kilikya TV of Lebanon organized congratulatory programs on his birthday.

The French Committee to Support the Founding of the Democratic Confederal Republic of Koryo, the Algeria-Korea Friendship Club, the Guyana-Korea Friendship Association, the Zimbabwe-Korea Solidarity and Friendship Association and the Burundi-Korea Friendship Association issued bulletins on the occasion of the April 15 fete.

Anniversary of 'Famous' Kim Il-song Work Marked

SK0305054394 Pyongyang KCNA in English 0434 GMT 3 May 94

[Text] Pyongyang, May 3 (KCNA)—A symposium was held in Pyongyang on May 2 to commemorate the 20th anniversary of the publication of "On Some Tasks For Improving Education in Schools", a famous work of the great leader President Kim Il-song, on May 3, 1974.

Speeches were made under the subjects "The great leader Comrade Kim Il-song's famous work 'On Some Tasks for Improving Education in Schools' is a highly important work indicating the way of developing education in schools to a new, higher stage in keeping with the requirements of modelling the whole society on the chuche idea" and "The idea of enhancing the sense of responsibility and role of instructors of the League of Socialist Working Youth of Korea and the Children's Union at schools is a great idea giving sure guarantee for bringing up students to be revolutionaries boundlessly loyal to the party and the leader".

The speakers said the work of President Kim Il-song is a great ideological and theoretical weapon which gives comprehensive answers to theoretical and practical questions arising in developing education in schools to a new, higher stage in conformity with the requirements of modelling the whole of society on the chuche idea.

With the exposition of the idea of combining education with organisational life in the socialist society by the great leader, a firm guarantee has been provided for rearing the youth and children to be staunch revolutionaries with perfect ideological and mental traits as communists of chuche type, the speakers stressed.

They pointed out that the work indicates the matters of thoroughly establishing the party's monolithic ideological system among the teachers in keeping with the requirements of modelling the whole society on the chuche idea, improving their quality and bringing home to them how to educate students.

Elaborating on the remarkable achievements made in the education in schools over the past 20 years, they said that all the educators must further strengthen and develop the education at schools and make an active contribution to the accomplishment of the cause of socialism, the revolutionary cause of chuche.

The meeting was attended by Choe Tae-pok, alternate Politburo member and secretary of the Central Committee of the Workers' Party of Korea.

May Day Celebrations, Activities Reported

National Meeting Held

SK3004114494 Pyongyang KCNA in English 1059 GMT 30 Apr 94

[Text] Pyongyang, April 30 (KCNA)—A national meeting was held in Pyongyang today in celebration of May Day, the international holiday of the world workers.

Present at the meeting were Vice-president Yi Chong-ok and Vice- Premier and Foreign Minister Kim Yong-nam, Politburo members of the C.C. [Central Committee], the Workers' Party of Korea [WPK], and other senior party and government officials.

Kim Chung-nin, secretary of the C.C., the WPK, made the report under the title "Let Us Powerfully Promote the Revolutionary Cause of the Working Class, the Cause of Socialism, Under the Banner of Independence Against Imperialism."

The more than a century long period since the working class began celebrating the militant holiday demonstrating its international solidarity and united strength has been a history of a righteous struggle waged by the world working class strenuously for the freedom and liberation of the maltreated proletarian masses against the imperialist reactionary forces under the banner of unity, and its brilliant victory, the reporter said.

He quoted the great leader Comrade Kim Il-song as saying:

"Unity is the mightiest weapon of the working class. Since its first days in the arena of history, the working class has always regarded unity as its most precious weapon in the struggle against international capital, and on the strength of unity it has won formidable struggles."

The reporter continued:

In some countries in recent years socialism which had been defended and developed for tens of years suffered a setback and capitalism has been restored. Taking advantage of this abnormal situation, the imperialists and reactionaries vilify the idea of socialism, the idea of the working class, itself as wrong, claiming that socialism has met its "end." But this is no more than a reactionary sophism of the foes of socialism and its renegades.

Drawing attention to the widespread movement for the revival of socialism in the countries where it has suffered a setback, the reporter said:

If the working class of all countries of the world is to defend the cause of socialism and promote it, it must constantly strengthen the driving force of the revolution with a correct guiding idea and must resolutely uphold the principles of socialism and strengthen solidarity based on independence.

The whole course of our revolution, the reporter declared, has been a history of brilliant victory in which the independent driving force of revolution has been reinforced under the guidance of the great leader Comrade Kim Il-song and the revolution has made a long drive in reliance upon its might.

In our country, today, the revolutionary cause of chuche pioneered by the great leader is being successfully carried forward and developed with the dear leader Comrade Kim Chong-il possessed of the personality and traits as the leader of the working class and the leader of the people, acclaimed at the head of the party, the state and the Army, the reporter stressed.

The experience of our revolution in powerfully advancing the cause of socialism under an extraordinarily difficult international environment, he continued, proves that the independence and sovereignty of each country can be defended, imperialism can be defeated with united international revolutionary forces and a peaceful and prosperous new world of independence can certainly be built, when the working class of all lands closely unite under the revolutionary banner of independence against imperialism and wage a common struggle, supporting and cooperating with each other.

Pointing out that the imperialists and the reactionary forces are becoming all the more feverish in their campaign to stifle the revolutionary cause of the working class, the cause of socialism, and they are directing the sharp edge of their attack to the DPRK, the bastion of socialism, in particular, the reporter continued:

The U.S. imperialists and the international reactionaries are desperately trying to isolate and stifle our Republic and destroy Korean-style socialism under the pretext of "nuclear issue". But, if they think they can "subdue" us by pressure or threat, it is an anachronistic dream.

Our dignified people will never beg for peace, however dear it may be to them. They are fully prepared to answer war with war, and dialogue with dialogue.

We have the wise guidance of the great leader and Comrade Kim Chong-il, the respected supreme commander, the harmonious whole of the leader, the party and the masses and the a-match-for-a-hundred revolutionary Armed Forces which can defeat any formidable enemy at one stroke and a powerful independent economy.

Our working class and the people will never tolerate our national dignity and sovereignty being encroached upon.

If the enemy dare pounce upon us, the whole country will become a bomb and give death to the enemy.

The working class and people of all countries must firmly unite and join hands in their struggle under the revolutionary banner of independence against imperialism when the imperialists and the reactionaries are viciously working to violate the independence of the popular masses and stifle the socialist cause by an allied force. Only then can they frustrate the interventionist and aggressive moves of the imperialists and successfully accomplish the cause of global independence.

Our party and people will as ever constantly develop the bonds of comradely unity and international solidarity with the progressive people of the world on the basis of the idea of independence, equality and socialism, remaining faithful to the idea of independence, peace and friendship, thus making an active contribution to the common cause of mankind to put an end to imperialist domination and interference and defend and advance the cause of socialism, declared Kim Chungnin.

A letter to the workers all over the world was adopted at the meeting.

It called upon the workers all over the world to fight vigorously to democratize the international community and establish a new equitable international economic order against the old politics of domination and subjugation on the part of imperialists.

It appealed to the workers and trade unions worldwide to form a broader anti-imperialist joint action front and push ahead forcefully with the cause of independence of mankind under the slogan "Workers of the world advocating independence, unite!"

An appeal to the South Korean workers was adopted at the meeting.

The appeal expressed the conviction that the South Korean workers will more daringly fight to check and frustrate the new war provocation moves of the U.S. imperialists and their stooges through a valiant anti-war, anti-nuke struggle and accelerate the independent and peaceful reunification of the country in order to regain their democratic rights and vital rights.

Pyongyang Newspapers Observe Day

SK0105085894 Pyongyang KCNA in English 0835 GMT 1 May 94

[Text] Pyongyang, May 1 (KCNA)—Papers here today dedicate editorials to May Day, the revolutionary holiday of the world's working class.

The editorial of NODONG SINMUN headlined "The Revolutionary Cause of Working Class of the World Will Certainly Emerge Victorious" says the revolutionary cause of the working class for building socialism and communism is an ever-victorious, invincible cause forever for its just and noble idea.

We should wage a vigorous struggle to defend the socialist cause of chuche, more deeply cherishing the faith in the invincibility of the cause of socialism, the editorial notes, and goes on:

We should thoroughly hold fast to the chuche-based revolutionary lines and policies set forth by the party and the leader with the unshakable conviction that our cause of socialism will certainly win victory as we are guided by the dear leader Comrade Kim Chong-il, a distinguished thinker and theoretician, statesman and great military strategist.

In order to press ahead with socialist construction in our country and defend the cause of socialism as a whole, it is important to strengthen unity and solidarity with the working class of the world, decisively smash the moves of the anti-reunification forces and more vigorously struggle to bring earlier the reunification of the country.

Today many revolutionary parties and people fighting in defence of socialism are strengthening international solidarity, taking the Pyongyang declaration as their common fighting programme.

Our working class and people will make positive efforts to unite with the people of socialist countries and non-aligned countries on the principle of independence and constantly develop good neighbourly, friendly relations with the peoples of all countries who respect the sovereignty of our country.

Brighter prospects have opened up before the people who aspire after independence and socialism.

The revolutionary cause of the world working class for realizing the noble desire of progressive mankind will certainly emerge victorious.

MINJU CHOSON carries an editorial headlined "Let the World Working Class Firmly Unite and Accelerate the Cause of Independence".

National Celebration Detailed

SK0205051994 Pyongyang KCNA in English 0504 GMT 2 May 94

[Text] Pyongyang, May 2 (KCNA)—Workers and other laboring masses of Korea significantly celebrated May Day, the international holiday of the world working class.

Premier Kang Song-san, Vice Presidents Yi Chong-ok and Pak Song- chol and other party and government cadres went to industrial establishments Sunday to enjoy the holiday together with workers.

At factories and enterprises, including the Komdok general mining enterprise, the Namgang power station, the Kim Chaek iron and steel complex, the Pyongyang textile combine, the Hungnam fertilizer complex and Nampo Port, they congratulated workers on the new upsurge they were bringing about in the implementation of the party's revolutionary economic strategy, and enjoyed the holiday, mixed with them, while appreciating art performance, dancing and holding colorful events.

The party and government cadres saw round products newly manufactured by Korean workers, conversed with labor innovators and paid visits to workers' houses. They expressed the belief that workers would always stamsocialism centred on the masses and strengthen solidarity with the workers in other countries.

On the same day, artistes of central art troupes gave performances in parks and pleasure grounds in the capital city of Pyongyang.

Tradition of Army-Civilian Unity Spotlighted

SK0205051894 Pyongyang KCNA in English 0453 GMT 2 May 94

[Text] Pyongyang, May 2 (KCNA)—The tradition of Army- civilian unity is being fully displayed in the Democratic People's Republic of Korea.

Soldiers take the utmost care of and love civilians and help them with all sincerity, upholding the idea of Army-civilian unity of the dear leader Comrade Kim Chong-il, Supreme Commander of the Korean People's Army.

Recently, soldiers of the Kim Song-un unit, while defending the motherland as firm as a rock, built fashionable dwelling houses for 72 families and delivered them to villagers.

Army units including the Han Kye-sun and Kang Sangsop units have actively helped nearby cooperative farms in their springtime farming with manpower and materials and looked after the life of families of soldiers who fell in the fatherland liberation war, and people's army dependents.

Many soldiers went to coal and ore mines, cooperative farms and other units of the national economy during their leave and gave a helping hand to the working people there.

People's Army soldiers also built reservoirs and bridges across rivers and streams for villagers. "Army-civilian fields", "Army- civilian bridges" and "Army-civilian reservoirs" can be seen in many places of the country.

Kim Myong-su, Chon Chang-kun reservoir and farm's fields.

Civilians also take a warm care of people's army soldiers, regarding them as their own flesh and blood.

Many organs, enterprises and cooperative farms [word indistinct] hospital, the Yonsan garment factory and the Mangyongdae cooperative farm recently sincerely aided the People's Army. And cities and counties in North and South Pyongan Provinces including Anju, Tokchon and Kaechon Cities and Kujang and Yongbyon Counties have assiduously rendered material and moral aid to the People's Army soldiers participating in the construction of the Pyongyang-Hyangsan express highway.

Some time ago, an administrative district where Choe Un-hak works sent several hundred thousand pieces of comfort articles to people's army soldiers.

"Our post-our school" and "our village-our post" movements now are in full swing throughout the country.

Novel on 'Victory' of Korean War Released

SK2804122394 Pyongyang KCNA in English 1032 GMT 28 Apr 94

[Text] Pyongyang, April 28 (KCNA)—The Literature and Art Press Group of Korea recently brought out a long novel "Victory", a follow-up of the cycle of novels "Immortal History" (postliberation part).

The novel gives an epical depiction of the leadership feats, outstanding commandership and noble virtues of the respected leader President Kim Il-song who humbled the arrogant U.S. imperialists who boasted of being the "strongest" in the world and reduced them to the lot of the setting sun by leading the fatherland liberation war, a war of justice for the Korean people, to a shining victory. It also tells about the indomitable fighting spirit of the Korean people and Army.

The novel consisting of three parts covers the period from August 1952, when the war was going on at the last stage, to July 1953, till the brilliant victory of the war.

The first part deals with mid-1952 when armistice talks were under way at Panmunjom and the Korean war seemed to come to an end through the talks. It gives an emotional representation of the matchless grit, indomitable will and rare military intelligence of President Kim Il-song who inflicted an ignominous defeat, with telling blows, on the U.S. imperialists who were running amuck indiscreetly, not knowing what the Korean people were like.

The second part portrays in various aspects the traits of President Kim Il-song who smashed at one stroke Eisenhower's "new offensive" with chuche-based war methods and unique and superb tactics and opened up a decisive phase for victory in the war.

The third part vividly shows the wise leadership of President Kim Il-song, an ever-victorious iron-willed brilliant commander and great military strategist, in totally crushing the last-ditch efforts of U.S. imperialist warlikers who dropped germ bombs to cut off the supply route to the front and threatened to use A-bombs, while engaging in massive bombings everyday behind the scene of the ceasefire talks. It also gives a truthful picture of the heroic battles of the brave People's Army soldiers on the hill 351 who remained loyal to the party and the leader, the country and the people.

The novel lastly gives scenes of the U.S. imperialists signing the Armistice Agreement at Panmunjom in recognition of their defeat and of a grand military parade held in Pyongyang in celebration of the victory in the war.

Development of Sports in Schools Featured

SK2904103494 Pyongyang KCNA in English 1006 GMT 29 Apr 94

[Text] Pyongyang, April 29 (KCNA)—School sports games in separate events currently under way in provinces, cities and counties of Korea entered into the final stage.

Experts are struck with admiration at the technical movements of players in ball games, field-and-track, gymnastics and other events. Many players from different schools had displayed special techniques in various events at the 21st national games of school youth and children held earlier, opening bright prospects for the development of the nation's physical culture and sports.

The games of school sports circles in the domain of general education are held annually.

Korea which is covered with dense school networks has put big efforts into school sports, systematically rearing the nation's reserve sportsmen and women from among several million school youth and children who account for one fourth of the population.

In school sports, great importance is being attached to the specialization of events. The specialization of school sports in Korea was started in April, 1974.

Now, more than 211,080 sports circles are operating at the senior middle schools and primary schools across the country, involving over 520,000 students. Schools make students acquire more than one sports techniques through circle activities and contribute to the development of the nation's sports techniques as a whole.

Many reserve sportsmen and women of the country come from among them. More than 29,650 athletes from sports circles have been registered as reserve players of the country over the past 20 years. Yi Pun-hui, Yu Sun-pok, Chu Chong-chol, Pae Kil-su and Song Hwa-son, people's sportsmen and people's sportswomen widely known to the world's sports circles, also went through sports circle courses.

The Taejong senior middle school in Singye County, North Hwanghae Province, briskly conducting sports circle activities, has annually won 15 gold medals on an average in various events including the basketball game in the past.

The sports circle of the Nanam senior middle school in Chongjin city, North Hamgyong Province, has set an example nationwide in gymnastic dance. The school has bagged over 500 gold medals in many sports festivals and games. And it has produced more than 400 fine rhythmic gymnasts in this course.

In the process of the popularization of school sports more than 560 schools have won the title of model sports school, and 342 sports circles the title of model sports circles nationwide.

Schools' Extracurricular Activities Noted

SK3004151594 Pyongyang KCNA in English 1504 GMT 30 Apr 94

[Text] Pyongyang, April 30 (KCNA)—Camping of school children for this year began some time ago at the camps in Korea.

Now the campers are consolidating the knowledge they have acquired at the school they are training their body and mind through diverse study sessions and discussions, sports and amusement games, art circle activities, etc.

The state is directing big efforts to education of school children through extramural activities. New modernly-equipped centres for extramural education have been built in different parts of the country to provide better conditions for these activities of school children. Last year, the international children's camp was built at the Songdowon seabeach, a scenic place on the east coast, and 54 school children's houses built across the country.

The Songdowon international children's camp with a total floor space of more than 40,000 square metres can accommodate over 1,200 children at a time. It comprises peculiar-shaped camping houses, the international friendship children's hall, an outdoor wading pool, an outdoor funfair and so on. The international friendship children's hall is equipped with all facilities of the highest level which can ensure diverse sports and cultural amusement activities of campers, including a 1,200-seat theatre, an electronic amusement room, a table-tennis hall, a room for the dissemination of knowledge of mountaineering and maritime activities.

Newly-built school children's houses also are provided with sufficient conditions for the education of children including various kinds of circle rooms, theatres and sports facilities.

At present, there are one hundred and scores of children's palaces, children's houses and children's union camps in Pyongyang and local cities and scenic places.

These places of extramural education serve as centres for fully preparing the school children mentally, morally and physically. Here they briskly conduct colorful extramural activities according to their tastes and aptitudes.

After school, children go to circle rooms arranged at the palaces, houses and schools to acquire general knowledge of basic sciences and consolidate their knowledge of sports techniques, music, dance and fine art.

South Korea

IAEA Informs DPRK of Decision Not To Send Inspectors

SK0205225994 Seoul KBS-1 Radio Network in Korean 2200 GMT 2 May 94

[AFP/YONHAP from Vienna]

[Text] The International Atomic Energy Agency [IAEA] announced today that it will not send its inspection team to observe the changing of nuclear fuel rods at North Korea's nuclear reactor in Yonbyon for the time being since North Korea has rejected conditions set to inspect its nuclear facilities. IAEA spokesman Hans Meyer disclosed that the IAEA sent a notice on 1 May that the IAEA will not be sending its inspection team due to North Korea's unsatisfactory responses.

Sends Second Letter to DPRK

SK0305002694 Seoul YONHAP in English 0013 GMT 3 May 94

[Text] Berlin, May 2 (YONHAP)—The International Atomic Energy Agency [IAEA] sent another letter to North Korea Monday urging the communist state to let IAEA experts undertake inspections when it changes fuel rods at the 5-megawatt reactor in Yongbyon, sources close to the agency said. Such inspections are necessary under the nuclear safeguards agreement, the IAEA has reportedly pointed out.

The agency sent a second letter after determining that North Korea's reply on April 29 to its first letter was unsatisfactory. Monday's letter was sent to ascertain North Korea's true intentions, the sources said Tuesday.

In its reply, Pyongyang told the nuclear watchdog that the fuel rods at the 5-megawatt reactor must be changed soon and requested an early dispatch of IAEA inspectors. It made no commitment, however, on IAEA requests laid down as conditions for the presence of its inspectors at the refueling. North Korea only agreed to allow the inspectors to be present when it removes spent fuel rods from the reactor.

It gave no clear reply to "the IAEA's flexible technical and compromising plans" on taking samples in order to determine the extent of plutonium extraction and the reactor's operating condition.

The IAEA, in its initial letter sent early last week, told North Korea it was willing to compromise and take random samples of the spent rods, seal them and analyze them later.

Although the North Koreans themselves suggested that the IAEA be present during the refueling of the five-megawatt reactor, they have failed to make an offer that would allow satisfactory inspection activities, the sources said. As a result, the IAEA sent the second letter seeking to confirm North Korea's exact intentions, they added.

Gap Said Narrowed on Inspections

SK0305052994 Seoul YONHAP in English 0514 GMT 3 May 94

[Text] Seoul, May 3 (YONHAP)—North Korea and the International Atomic Energy Agency (IAEA) have narrowed their differences enough to allow an inspection team to arrive in Pyongyang as early as this week, sources here said.

A letter sent by the agency Monday is expected to be their last communication, and the IAEA inspectors should be able to fly to North Korea as soon as Pyongyang responds, they said.

The two sides have been wrangling over the scope of the inspection of North Korea's 5-megawatt nuclear reactor. Scrutinizing the reactor's fuel rods would allow the U.N. nuclear watchdog to trace Pyongyang's secretive nuclear weapons program and estimate how much plutonium it has.

The sources said the IAEA is unlikely to conduct the inspections required to trace the program's history. However, the agency has compromised by agreeing to let North Korea seal the materials under IAEA monitoring for future inspection and analysis.

DPRK Reportedly To Accept More Inspections

SK0305015594 Seoul SEOUL SINMUN in Korean 3 May 94 p 1

[By correspondent Pak Chong-hyon from Paris]

[Text] It was reported on 2 May 1994 that North Korea has made known to the International Atomic Energy

Agency [IAEA] its intention to accept additional inspections recommended by the UN Security Council presidential statement.

On 2 May, a high-ranking diplomatic source said: "Last weekend, North Korea told the IAEA that it was willing to accept additional inspections, including the taking of samples in the glove-box area and gamma mappings in the radiochemical laboratory, which it had not allowed during last March inspections."

The source added: "North Korea has clarified the reason for this, saying it will accept additional inspections, inasmuch as the ROK has recently shown a flexible attitude by withdrawing the condition on the exchange of special envoys between the North and South—a precondition to the U.S.-North Korean high-level talks. The IAEA is discussing measures as to North Korea's acceptance of additional inspections."

U.S. Refutes DPRK Claim on Armistice Agreement

SK0305024594 Seoul YONHAP in English 0227 GMT 3 May 94

[Text] Washington, May 2 (YONHAP)—The State Department Monday refuted North Korea's claim that the Korean Armistice Agreement is useless and invalid, affirming that the pact remains in effect. Department spokeswoman Christine Shelly, commenting on Pyongyang's statement that the Armistice Agreement is null and should be replaced by a peace pact, said that "We cannot accept its claim that the armistice is 'useless' or 'invalid.'"

"Our position is that the Armistice Agreement remains in effect. We are proceeding on that basis," Shelly said.

Pyongyang officials have demanded negotiations with Washington on the matter, a move interpreted here and in Seoul as an attempt to blur the current international focus on the North Korean nuclear row and to engage the United States in yet another form of dialogue.

North Korea insists that talks on the peace agreement should be held exclusively between it and the United States since South Korea is not a signatory of the 1953 armistice pact.

"...We note that in February 1992, North and South Korea agreed that questions of peace and security on the peninsula should be resolved primarily through inter-Korean dialogue," said Shelly. "We strongly support that approach."

The spokeswoman added that Washington will abort all talks with Pyongyang if the latter goes ahead and refuels a nuclear reactor without the presence of International Atomic Energy Agency (IAEA) experts. North Korean officials have repeatedly threatened to go ahead with the refueling if the IAEA continues to make inspection demands on the process.

Reminding that inter-Korean talks can play an important part in resolving the nuclear impasse, Shelly said Washington hopes the two Koreas will resume dialogue in the near future.

Government Rejects DPRK Move on Armistice Pact

SK0305062794 Seoul YONHAP in English 0617 GMT 3 May 94

[By Cho Se-hyon]

[Text] Seoul, May 3 (YONHAP)—The South Korean Government has decided to reject—firmly and unequivocally—yet another North Korean attempt to replace the 1953 Armistice Agreement with a peace treaty with the United States alone.

Cornered by a scheme of its own making (the Stalinist state's refusal to allow outside inspection of its nuclear facilities), North Korea is obviously trying to muddy the issue and eliminate Seoul as a player in the nuclear row.

Taking advantage of Washington's efforts to maintain the global nuclear non-proliferation regime at any cost, Pyongyang is trying to force the United States to pull its troops from South Korea by linking the withdrawal with the nuclear question. North Korea's attempts, which are not very difficult to fathom, are of course unacceptable to Seoul.

Washington firmly rejected Pyongyang's overture after North Korea, in a Foreign Ministry statement issued on April 28, proposed negotiations between the two on concluding a peace treaty.

Pyongyang followed up by serving notice that it would withdraw from the Military Armistice Commission (MAC). Prior to this, North Korea had refused to attend MAC meetings since March 1991 when South Korean Major General Hwang Won-tak was appointed chief delegate of the United Nations forces. The North said it would not recognize Hwang since the South was not a signatory to the Armistice Agreement.

In short, Pyongyang wants to replace the Armistice Agreement signed in 1953 between North Korea and China on one side and the United Nations on the other with a U.S.-North Korean peace treaty.

This is not the first time that North Korea has advanced the idea of signing a peace pact with the United States.

Pyongyang made that overture to the United States persistently before signing the basic accord on reconciliation, non-aggression and exchanges with South Korea in 1992.

Outwardly, North Korea said a peace treaty was needed to restore peace to the peninsula. South and North Korea are technically still at war some 40 years after the conflict ended. But Seoul refused to accept the North Korean proposal at face value because its real intention was to force Washington to withdraw its troops deployed in the South.

South and North Korea argued about problems related to the need for a peace treaty until they signed the 1992 inter-Korean basic accord. In the five-item supplementary agreement to the inter-Korean accord on reconciliation, the two sides agreed to faithfully implement the accord and the declaration for the denuclearization of the Korean peninsula in order to transform the state of war into that of a lasting peace.

It follows, therefore, that if North Korea wants to raise the problem of a peace treaty, it has to honor the inter-Korean accord as well as the denuclearization declaration, the Seoul government says.

The supplementary agreement also spells out that South and North Korea will work out appropriate measures to change the state of war into peace and that the two sides will honor the Armistice Agreement until a firm peace is established.

Consequently, Seoul maintains that the recent attempt by North Korea to conclude a peace treaty with the United States obviously violates the inter-Korean basic accord.

South Korean ministries concerned with unification are said to be coordinating their views on "a rather drastic" North Korean attempt to sign a peace treaty with the United States, one-sidedly ignoring the inter-Korean agreements.

So far, the Seoul government has viewed the North Korean move as undeserving of comment. But it was reported that Seoul was still unable to adopt countermeasures to an apparent North Korean violation of the armistice treaty.

"The government is currently analyzing North Korea's real intention," said one senior official. "We plan to approach the problem cautiously, taking into consideration all aspects of inter- Korean relations including the nuclear question."

In other words, the Seoul government will firmly oppose the North Korean move to conclude a peace treaty with the United States while trying to find a solution to North Korea's violation of the Armistice Agreement through dialogue.

Foreign Minister Cited

SK0305075894 Seoul YONHAP in English 0753 GMT 3 May 94

[Text] Seoul, May 3 (YONHAP)—South Korean Foreign Minister Han Sung-chu reiterated Tuesday that replacing the Korean Armistice Agreement with a peace pact is a matter for Seoul and Pyongyang, not Pyongyang and Washington, to work out.

"The United States is a signatory of the Armistice and therefore will get involved in that sense," Han told reporters, "but Washington fully agrees with Seoul that the matter is for the two Koreas to resolve."

North Korea will end up hindering high-level dialogue with the United States if it insists on the change, Han said. "The next round of North Korea-U.S. dialogue will not discuss this issue."

Pyongyang unilaterally announced last week that it was withdrawing from the Military Armistice Commission but would keep on its commission secretaries and liaison officers.

In addition, it announced that Poland, a Neutral Nations Supervisory Commission (NNSC) member chosen by North Korea, will be withdrawn from the commission.

Han said the North was trying to isolate the South in talking only with the United States and trying to "break up" Seoul- Washington relations.

NUB Issues Statement

SK0305094594 Seoul KBS-1 Radio Network in Korean 0905 GMT 3 May 94

[Text] The National Unification Board [NUB] urged North Korea today to earnestly abide by the Armistice Agreement and normalize the Military Armistice Commission [MAC] as soon as possible.

Through a spokesman's statement, the NUB pointed out that North Korea's suspension of the MAC function and demand for replacing the Armistice Agreement with a peace agreement with the United States is a violation of Article 61 of the Armistice Agreement, which states that the agreement can only be amended upon mutual agreement between North and South Korea, and Article 5 of the basic agreement between the South and the North.

The NUB stressed that until an alternative replacing the current armistice organization is provided, the agreements should be earnestly abided by and any action intended to make the current armistice organization defunct cannot be justified.

The NUB pointed out that, at a time when the North Korean nuclear issue is at a critical point, North Korea's threatening of the current armistice system is intended to delay the resolution of the nuclear issue and blur the essence of the issue, and strongly urged North Korea to show a sincere attitude toward the resolution of the nuclear issue as soon as possible.

Unification Minister Comments

SK0305110694 Seoul YONHAP in English 1055 GMT 3 May 94

[Text] Seoul, May 3 (YONHAP)—The South Korean Government on Tuesday urged North Korea to give up their "undue intent" of withdrawing from the Military

Armistice Commission and instead show sincerity toward settling the nuclear question.

Deputy Prime Minister Yi Hong-ku said North Korea's planned withdrawal from the truce commission is an express violation of the existing Armistice Agreement and the basic South-North agreement. "Their move is an irresponsible act of scheming to neutralize the existing armistice agreement," Yi said. He is concurrent National Unification minister.

In an interview with three major broadcasting stations, the deputy premier said that any issue related to the existing truce agreement should be discussed duly through South-North dialogue. He noted that the basic South-North agreement stipulates in its Article 5 that issues related to the Armistice Agreement should be resolved through inter-Korean concurrence. Yi said, however, that this is no time to discuss the issue with North Korea. "It is not desirable to raise another question at a time when the nuclear issue has arrived at a vital point," he said.

Meanwhile, spokesman Kim hyong-ki of the National Unification Board said the North Korean intent represents an outright violation of the provisions of Article 61 of the Armistice Agreement and Article 5 of the basic South-North agreement. "Our unchanging position is that the issue of changing the existing armistice system including replacement of the truce agreement should be resolved independently between the direct parties involved, namely, South and North Korea," Kim said in a statement.

The spokesman charged that the North Korean act of threatening the existing truce mechanism at this time when the nuclear issue has reached an important juncture, cannot but be an attempt to delay the resolution of the nuclear issue and becloud the essence of the nuclear question. "The existing armistice system should be preserved faithfully until an alternative to the system is worked out," Kim said, adding that no attempt to neutralize the existing truce mechanism can be justified.

UN Command in Korea Cited on DPRK Move

SK0205125094 Seoul YONHAP in English 1107 GMT 2 May 94

[Text] Seoul, May 2 (YONHAP)—North Korea has expressed the intent of withdrawing from the Military Armistice Commission, officials at the United Nations Command [UNC] in Korea said on Monday.

In addition, North Korea has let it be known that they would remove Polish members from the Neutral Nations Supervisory Commission, a UNC official at the Armistice Commission said. Early last year, North Korea withdrew Czech delegates from the truce-watching commission. Poland and Czechoslovakia had been the communist-side-chosen member countries of the four-country supervisory commission, whose delegates were responsible for watching the North Korean area.

The planned withdrawal by North Korea is an express violation of the Armistice Agreement, over the issue of which the U.N. Command has been contacting North Korean delegates and UNC member countries related to the maintenance of the truce agreement, a UNC official said.

Dailies on DPRK Threat To Withdraw From MAC

SK0305085794

[Editorial Report] The following is a compilation of articles and an editorial published in Seoul vernacular dailies on 3 May on the recent North Korean attempt to replace the 1953 Armistice Agreement with a peace treaty and its declaration to withdraw from the Military Armistice Commission, MAC, and that it will expel the Polish delegate to the Neutral Nations Supervisory Commission.

The conservative CHOSON ILBO carries on page 1 a 1,000-word article by Kim Chang-ki entitled: "North Korea Unilaterally Withdraws from the MAC—Strategy Aimed at U.S.-North Korean Peace Agreement." The article writes: "North Korea's attitude is analyzed to be a scheme to turn the MAC, stipulated in the Armistice Agreement, into a mere scrap of paper and virtually destroy it, as noted by the government officials concerned." The article continues: "The North Korean side, however, said that it will abide by the existing Armistice Agreement until the replacement agreement is signed and that it will continue to maintain the hotline between military authorities, such as joint duty officers, of the two sides presently in operation in Panmunjom." The article cites remarks by a relevant government official: "The North Korean attempt to incapacitate the MAC must be its strategic move to reinforce its demand for replacing the Armistice Agreement with a U.S.-North Korean peace agreement and to discuss this issue in a full-fledged manner at the third round of North Korean-U.S. talks."

The conservative CHOSON ILBO carries on page 3 a 1,700-word article by Pak Tu-sik entitled: "The Scheme Behind North Korea's Declaration on Withdrawal From MAC." The article notes: "The North Korean strategy is to force the U.S. Forces out of the ROK through a peace agreement with the United States," adding: "In order to maximize its force of negotiation, North Korea is attempting to virtually scrap the MAC, the implementing organization of the Armistice Agreement, while conducting 'small provocations' near the Military Demarcation Line, MDL, annoying the ROK and the United States. This is interpreted to be the North Korean strategic move to create a situation in which the North Korean-U.S. peace agreement has to be discussed at the third round of U.S.-North Korean talks."

The pro-government SEOUL SINMUN carries on page 5 a 1,200-word article by Pak Chae-pom entitled: "The Background of North Korea's Notification of Its Unilateral Withdrawal from the MAC—Scheming To Deal

Directly With the United States by Scrapping the Armistice Agreement." The article notes recent reports on North Korean moves, including provocative military actions near the MDL, and cites a Defense Ministry official's remark: "If the Armistice Agreement is suspended according to the North Korean demand, the situation on the Korean peninsula will be ambiguous—neither peace nor armistice. North Korea has called for the replacement of the Armistice Agreement with a peace agreement, and is sure to call upon the United States for direct negotiations. The North Korean moves are a calculated action aimed at eliminating the ROK from the discussion of issues on the Korean peninsula."

The moderate CHUNGANG ILBO carries on page 3 an 800-word editorial entitled: "Why Is North Korea Shaking Up the Armistice System?" The editorial begins: "North Korea, being cornered by the nuclear issue, is making a dangerous gamble to get out of a crisis," and notes: "North Korea is making these provocative moves to heighten the feeling of danger of military conflict and psychological anxiety on the Korean peninsula to disperse the international concern on the nuclear inspection issue and to maximize the utility of the nuclear card." The editorial continues: "Announcing its unilateral withdrawal from the MAC, North Korea stated that it will abide by the present Armistice Agreement until a new peace system, which it demands, is established and that the military hotline will continue. In view of the North Korean attempt to scrap the armistice system, we cannot believe this statement. North Korea's unilateral decision itself is a grave violation of the Armistice Agreement, and this is the first of its attempts to destroy the armistice system. If this attempt by North Korea is tolerated, it will commit other acts that violate the Armistice Agreement, creating a crisis." The editorial concludes: "North Korea is an unpredictable opponent, therefore, if the MAC, which maintains the armistice system and manages crises, is incapacitated, it could bring about the danger of an armed conflict. The government should not simply concentrate on assuring the people of the lack of signs of North Korean provocation, but see the seriousness of the problem and establish a posture of preparedness to cope with the ensuing developments."

North Said To Strengthen Vigilance at PRC Border

SK0205135994 Seoul KBS-1 Television Network in Korean 1206 GMT 2 May 94

[Text] Diplomatic sources in Beijing reported on 2 May that North Korea recently drastically strengthened vigilance at the border area with China to prevent North Korean people from escaping, and that it instructed the military and police that if escapees are discovered, they are to be immediately shot to death.

The North Korean authorities moved the agents of the (?Security Department) and Ministry of Public Security, who were serving in the rear, toward the border area of North Hamgyong Province and Chagang Province. They are intensely watching over the moves of the residents and soldiers. It was learned that because of such vigilance, the number of North Koreans escaping to China has decreased drastically.

Policy for Repatriation of DPRK Loggers Reaffirmed

SK2904021694 Seoul YONHAP in English 0159 GMT 29 Apr 94

[Text] Seoul, April 29 (YONHAP)—Song Yong-tae, vice minister of the National Unification Board, reaffirmed Friday that the government will go ahead with its policy of seeking early repatriation of North Korean loggers in Russia.

Speaking to business leaders at a breakfast meeting held under the auspices of the Korea Management Association at the Hyatt Hotel, Song also said various government agencies were devising measures to help the loggers settle in South Korea.

While delivering a speech entitled "The Outlook for the North Korean Nuclear Problem and the Seoul-Pyongyang Relationship," Song revealed that Pyongyang has stopped issuing travel certificates to North Koreans and strictly limited entry by foreigners since mid-March in an apparent effort to heighten internal tension.

Pyongyang recently increased military activity 50 percent and resumed anti-air raid drills in the Yongbyon area, which Western countries suspect has facilities capable of producing nuclear weapons, Song said. North Korea had suspended the drills in the Yongbyon area last June.

Talks With Russia on DPRK Logger Issue Viewed

SK0305003894

[Editorial Report] The conservative vernacular daily CHOSON ILBO in Korean on 2 May publishes in its "Reporter's Memobook" column on page 2 a 1,200-word article by Moscow-based correspondent O Chung-sok, under the headline "Diplomacy for Loggers."

Reporting that ROK-Russia foreign ministers' talks were held in Moscow on 14 April to discuss the issue of North Korean escapees from logging camps in Russia, the article notes the Russian Government's basic position, according to the Russian foreign minister during a news conference after the talks, that Russia "promised" to protect the safety of the escapees and that Russia is not opposed to their "defection" to the ROK. However, he "politely" rejected the interference of a third party, such as the United Nations, in the issue of giving them "refugee status," stressing that the issue can be resolved through "ROK-Russian cooperation."

Nevertheless, the article explains that a responsible government office in Seoul said with a "preconception" that the foreign ministers of the two countries "agreed" to give the refugee position to the North Korean escapees and to "send" them to the ROK "as soon as possible."

Besides, despite a "frank confession" by Foreign Minister Han that the two sides failed to reach an agreement on the "refugee status issue," the mass media reported that the foreign minister stated during a news conference after returning to Seoul that the Russian Government "completely agreed" on all issues including the refugee status issue, thus "distorting" the truth. Noting that our diplomatic activities are "ununderstandable," the article criticizes the attempt of the ROK Foreign Ministry to "distort and exaggerate" the result of the talks, and stresses that the issue of defection of the North Korean escapees from logging camps in Russia has now been thrown into a "deadlock," because the Russian side is not moving toward the "concrete steps," although it promised to "cooperate in principle."

The article points out that the ROK diplomacy, which attempts to resolve problems "at a breath" without paying attention to the situation in its partner country, has now been "caught in a trap," and that most of North Korean loggers, who escaped from the camps, have "disappeared" fearing that their lives are "threatened." The article concludes by asking our government how it should take the "responsibility" if their defection is "not realized" and their safety is "not guaranteed."

* Kim Il-song's New Year's Address Analyzed

942C0088A Seoul NAEWOE TONGSIN in Korean No 883, 20 Jan 94 pp D1-D6

[Unattributed article: "Domestic Policies Reflected in Kim Il-song's New Year's Address"]

[Text] Seoul, NAEWOE—Kim Il-song's New Year's address for 1994, while focusing on the economy, touches on military, reunification, nuclear, and foreign policy issues. At a glance, it appears to say nothing about domestic political issues, except in passages devoted to a general assessment of the state of the nation. While other parts of the address, including those on the economy, are of course essentially linked with developments on the domestic political front, one can hardly find any specific references to them—at least as specific as those made to other topics.

Nevertheless, inasmuch as North Korea has problems in each and every domain addressed in the speech—economic, military, the South and reunification, nuclear, and foreign policy—it is inconceivable that the internal political sphere alone is trouble-free.

The fact is that despite its alleged stability at home, North Korea failed to achieve its economic goals and, as a result, had to allow a 3-year readjustment period. And the admission to the failure of the Third Seven-Year Plan precisely alludes to instability and chaos on the domestic political front.

The 1994 Kim Il-song New Year's address contains several passages lending support to this observation.

The first such passage is: "The maneuvers waged by the imperialists and reactionaries last year to isolate and suffocate our Republic and crush our socialist cause were unprecedentedly vicious, causing an extremely tense situation in our country."

In fact, the so-called imperialists and reactionaries or their maneuvers from outside to isolate North Korea and crush its socialist cause, as alleged by Kim Il-song, did not exist. Therefore, what he was speaking about was internal foes, the alleged tension meaning an internal situation created by them.

Next is the passage dealing with Operation Team Spirit. Under the pretext of a "severe ordeal confronting the fatherland and the revolution," North Korea declared a state of semi-war. By doing so, Kim Il-song said, it "defended honorably the dignity and safety of the socialist fatherland, demonstrating the indomitable spirit of chuche Korea to the fullest."

Pending Tasks Listed in the Address Suggest Problems

Since Team Spirit is an annual, defensive exercise and not a military provocation against North Korea, it can by no means be a "severe ordeal" that calls for the declaration of a state of semi-war. Nonetheless, Kim Il-song asserted that North Korea "crushed the enemies' provocations and maneuvers and honorably defended the dignity and safety of the socialist fatherland, demonstrating the indomitable spirit of chuche Korea to the fullest."

What he called "provocations and aggression" here did not, in fact, exist. Then, what was it that North Korea had to defend "the dignity and safety of socialism" against? And what is the truth of "the spirit of chuche Korea demonstrated to the fullest" under such circumstances? In a nutshell, it is in effect a confession that North Korea used the training exercise, staged south of the truce line, to deal with its domestic problems, the political chaos in particular.

To prove it, Kim Il-song stated that "this is a victory of the revolutionary line of our party and a victory of the wholehearted unity of the leader, the party and the masses."

At the same time, he explained the meaning of such victories by saying that North Korea "again forcefully proved, through severe ordeals and struggles in the recent period, that our party is a great party with an iron will and a tested leadership, that our people are a heroic people tested by revolutionary ordeals and blessed with an indomitable spirit of struggle, and that our way of socialism embodying the chuche ideology is an invincible socialism deeply rooted in the masses of people."

In other words, of these two remarks, the latter explains the backgrounds of organizational issues weighed at the 21st plenum of the sixth party Central Committee held in December last year and the sixth session of the

Supreme People's Assembly, while the former is gibberish aimed at justifying the results of and measures taken in those sessions.

The ousting of Kim Tal-hyon and Kim Yong-sun, known as leading technocrats of the North Korean regime, could be an act of censuring them for the "severe ordeals" of the economic crisis. And the reappearance of Kim Yong-chu and his appointment as vice president; the promotion of Hwang Chang-yop, known as chuche ideology theoretician, to chairmanship of the Foreign Affairs Committee; the rise of Yang Hyong-sop—he and Hwang Chang-yop are considered the twin masters of the chuche ideology—to No. 18 from No. 32 in the power hierarchy, and the fact that nine of the 17 new members and candidate members named to the party Central Committee are military personnel on active duty—all these measures represented moves to expand the power base of the Kim Chong-il leadership.

Team Spirit Used to Deal With Political Chaos

Therefore, the fact that the father-to-son succession is yet to be finalized 20 years after Kim Chong-il was officially designated the heir apparent, and that they still have work to do to pave the way for the new leadership, is the whole meaning of the political "severe ordeals"—as severe as the self-acknowledged failure of the economic plans.

Such work is still needed, and the need, along with the failure of the economic plans, constitute Pyongyang's current political problems. Then, the rhetoric that North Korea "defended the dignity and safety of the socialist fatherland," and the alleged "victory of the revolutionary line of the party" and "great victory of the wholehearted unity of the leader, the party and the masses" are all aimed at justifying the measures taken at those sessions. It can be said Kim Il-song meant to say that the measures primarily resolved the problems.

The assertion that North Korea, as a result, "again proved that our way of socialism embodying the chuche ideology is an invincible socialism deeply rooted in the masses of people" stresses that Pyongyang will continue to implement similar measures and, through them, carry on its present system. This does not mean, however, that the domestic political confusion was brought under control completely and the basic stability regained.

Needless to say, what occurred was a rehash of the perennial political disarray within the North Korean regime. This can be seen in Kim Il-song's confession that "internally and externally, our revolution remains in a complex, strained situation, and we are building socialism amid a tense confrontation with the enemies."

While external enemies in the "tense confrontation" could mean the pressures on North Korea for its opening to the outside world that have continued since the collapse of the former Soviet Union and East European communist states, the "internal enemies" means political troubles or elements causing domestic tensions. Furthermore, still included among the "external enemies" is the South Korean government which North Korea views as the target of a communist revolution and as a constant threat to its system.

Top Priority to Political Groundwork for Complete Succession

Therefore, when Kim Il-song stated that "internally and externally, our revolution is in a complex and tense situation. We are building socialism amid a tense confrontation with the enemies," he was laying down a premise for 1994, and it was by no means an accident.

He said: "...we must further strengthen the nation's political, economic and military capabilities to meet the demands of the present situation and of the developing revolution." As seen here, he was apparently saying, openly, that this year again North Korea will put greater emphasis on the political groundwork to complete the leadership succession than on the economy, and that if a military buildup should be the way to do the job, the economy shall be annexed to it.

North Korea is, after all, not confronted with a threat or possible threat of "war-provocative maneuvers of the enemies." Nonetheless, Kim Il-song used such possibilities as a pretext to stress that North Korea "must pay attention to strengthening its defense capabilities." This explains his position as mentioned above.

The father-to-son succession is being carried out through the military. Therefore, by the "war-provocative maneuvers of the enemies" he could mean provocations not from outside but from within the military, namely, reactions within the military against the new leadership, or at least a possible challenge to the military from within the political sphere. This cannot be ruled out.

Kim Il-song emphasized that "we must be fully prepared politically, ideologically, militarily, and materially against any unforeseeable emergency, and thoroughly establish in the whole society the spirit of attaching importance to military affairs and giving positive support to the People's Army." This could be a warning of such potential forces and possibilities, issued to build the public support for the military in paving the way to consolidate the Kim Chong-il leadership.

Economic Policy as Pretense To Divert Attention of Outside World

Making his rhetoric more specific, Kim Il-song noted: "If we are to push ahead forcefully with the revolution and construction under the present circumstances, we must firmly grasp the guideline of ideological revolution of our party and further strengthen the wholehearted unity of the revolutionary ranks, giving full play to the revolutionary spirit of self-reliance." He emphasized: "When all the people unite in one mind around the party and the leader, give full play to the spirit of self-reliance and fortitude and fight on vigorously, we can defend and preserve our way of socialism against any difficulties, enhancing it endlessly, and we can attain the chuche socialist cause victoriously." And he reiterated: "We will defend—as the apple of our eye—the wholehearted unity of our revolutionary ranks cemented rock-firm under the party leadership, and we will further consolidate and develop it."

These points in the address are indicative of which way Kim Il-song will likely take North Korea this year, politically.

Despite the present economic crisis, North Korea will continue to focus on political programs to prop up the Kim Chong-il leadership. It is trying to step up the mobilization of people for labor to overcome economic difficulties in the name of ideo-political unity, binding them into a united social force for a drive to consolidate the new leadership. Such intent is seen in the fact that since the beginning of this year, Pyongyang has been urging the public to step up the "learn from Kim Chong-il" movement while trumpeting the "historical inevitability of the victory of socialism," and that it lately has frequently used the expression "Kim Chong-il era."

Inasmuch as the consolidation of the Kim Chong-il leadership continues to be its priority this year, North Korea will likely pursue the labor mobilization program along this line as well.

The indication is in the address. Kim Il-song said that "when all the people unite in one mind around the party and the leader, give full play to the revolutionary spirit of self-reliance and fortitude and fight on vigorously, we can defend and preserve our way of socialism against any difficulties, enhancing it endlessly, and we can attain the chuche socialist cause victoriously." Then, under that premise, he noted that "we will defend—as the apple of our eye—the wholehearted unity of our revolutionary ranks cemented rock-firm under the party leadership, and will further consolidate and develop it."

The phrases here such as "defend and preserve our way of socialism" and "attain the chuche socialist cause victoriously" do not mean a victory as a result of economic development. So, when Kim Il-song said that "all the people unite in one mind around the party and the leader," he was stressing the need for ideo-political unity to consolidate the Kim Chong-il leadership. And when he stressed that the "unity of our revolutionary ranks cemented rock-firm under the party leadership" should be defended "as the apple of our eye," and that it should be further consolidated and developed, he was underscoring the goal of that pursuit.

From this point of view, one can see that the contradictions in the Kim Il-song address—as seen its laying emphasis on a trade-first line on the one hand and urging a military buildup on the other—and the denunciations of the South unveiling Pyongyang's lack of interest in dialogue, have something to do with the above-mentioned circumstances surrounding North Korea's domestic political situation. When one sees North Korea's trade-first line as a pretense to divert the attention of the outside world to its domestic political situation, he will find how serious the situation is, that it is so serious as to require such artifice. As for the denunciations of the South, which in effect unveil the lack of interest in North-South dialogue, they represent its shopworn method fo covering up such grave realities.

North Korea, while focusing on domestic political programs to promote the Kim Chong-il leadership this year, will likely continue to use foreign policy issues and North-South issues as a bulwark to facilitate its push of such programs, effectively combining them as strategic instruments.

* DPRK's Agricultural Policies Reviewed

942C0102A Seoul PUKHAN in Korean No 267 Mar 94 pp 30-35

[Article by Yim Sang-chol, doctor of agriculture, professor at the College of Agriculture, Sangji University: "Is It Possible To Breathe Life Into North Korea's Agriculture?"]

[Excerpts] [passage omitted]

North Korea's Agricultural Policy

North Korea's agricultural policy may be described very briefly as follows:

North Korea launched a sweeping land reform program in March 1946 under the principle of confiscation without compensation and free distribution, thereby eliminating the landlord class and paving the way for agricultural collectivization in the countryside.

Agricultural collectivization began in 1954 and was completed in 1958. In this period more than 3,800 large-scale agricultural cooperatives were organized, resulting in the complete elimination of the private ownership of land and means of agricultural production. In this process 94 percent of the land was converted into cooperative ownership and the remaining 6 percent into state ownership. North Korea published what they call "the Thesis on the Socialist Agrarian Question [in Our Country]" in February 1964," setting as the basic goal of its agricultural policy to convert cooperative ownership in agriculture to "ownership by all the people" .

North Korea pushed "four-conversions," namely, rural irrigation, electrification, mechanization, and chemicalization, as a basic task for the immediate goal of eliminating the gaps between agricultural and industrial labor, between urban and rural areas, and between farmers and workers. As a means of conversion to state ownership, North Korea selected areas suitable for collectivization and converted them into state-run firms, while expanding existing state firms and ranches developed as major agricultural estates producing speciality crops, fruit, and livestock, and creating more of the similar firms and ranches. A great deal of investment was made in these state firms on a priority basis. With emphasis on four rural conversions, North Korea introduced the so-called "chuche farming method" beginning in the late 1970's, calling for the chucheization, scientization, and modernization of agriculture. On the other hand, it implemented a five-point grand nature harnessing program with dry-field irrigation, terraced field development, antierosion work, and marsh-land reclamation as its principal content.

Present State of North Korea's Agriculture

That was a brief overview of North Korea's agricultural policy for the past half century. North Korea has pursued its agriculture-first policy as part of socialist construction and implemented an agricultural policy of its own. However, the present condition of North Korea's agriculture is unmistakably in bad shape. This may be because forced labor cannot but be unproductive where the principle of market economy is brushed aside, a common phenomenon and weakness of socialism. The 21st Plenum of the Sixth Workers Party of Korea [WPK] Central Committee set aside the next three years until 1996 as a buffer period in socialist economic construction during which the first priority would be given to agriculture, light industry, and trade. This may be construed as signifying that North Korea is also applying the principle of adaptation, the principle that no nation should remain left behind the worldwide trend to break away from irrationality and swim with internationalism.

The following is a brief examination of the merits and demerits of North Korea's major agricultural policies.

First, as far as North Korea is concerned, the land reform policy and the policy of collectivizing agricultural production may be viewed as a considerable success. Supposing economies of scale are applicable in the communist system as in the democratic system, the policy of collectivization may be viewed as a successful one in that is clearly conducive to the effective utilization of land. Rearrangement of arable land and collectivization, which North Korea considered indispensable as a prerequisite to increased soil productivity and agricultural mechanization, served as the foundation of mechanization. Let us compare this with the situation in the South. In the South it is next to impossible to carry out a bold rearrangement of arable land for these reasons: Different people own different pieces of land, different farmers use different farming methods and grow different crops, and there are numerous other problems such as those involving compensation. In North Korea on the other hand, it seems that they could complete the rearrangement of arable land without much difficulty under complete planning.

Second, four conversions refers to the four tasks aimed at what they call the scientization of the rural economy in North Korean, namely, irrigation, electrification, mechanization, and chemicalization.

By rural irrigation is meant building irrigation facilities on arable land. In North Korea almost all paddy fields and over 50 percent of dry fields are under irrigation. This indicates that North Korea has pursued irrigation as the first priority task in the development of rural communities.

The electrification policy bore a considerable fruit in the early stage. However, the current record shows meager success as is the case in other industrial sectors, due to the gaping disparity between the ever-growing demand for energy and the current pace of growth in electricity production. Mechanization was essential to farm work in large collective farms. Particularly because it was pursued in conjunction with the munitions industry, the mechanization policy had much that warranted its seeming justification. However, in our judgment the policy has been ineffectual because of frequent mechanical failures resulting from the backwardness of the technologies used, as well as the low operating rates resulting from the energy shortage and the lack of enthusiasm to work.

With emphasis on chemicalization, North Korea has rapidly increased the use of fertilizers while gradually increasing the amount of agricultural chemicals sprayed in order to increase the per unit output. Agricultural chemicals and fertilizers are double-edged swords: When used properly, they are tonic to plants, but their overdose can be poisonous. Reportedly, all arable land in North Korea has become acidified due to the policy of chemicalization, causing a decline in agricultural productivity contrary to their expectations.

Third, North Korea's grand nature harnessing policy is aimed at expanding the acreage of land under cultivation. Seeing the necessity of expanding arable land as the first requisite for increased agricultural production, North Korea adopted and implemented the "five-point policy for the grand nature harnessing," namely, dry-field irrigation construction, terraced dry-field construction, land rearrangement and soil amelioration, antierosion projects, and marsh land reclamation. Despite its effects in increasing the acreage of land under cultivation, this policy may be viewed as typical of failed agricultural policies. To expand the acreage of arable land which was absolutely in short supply, North Korea reclaimed all mountain slopes and converted them into terraced fields while converting all land that could be irrigated into paddy fields. As a consequence, forests have been devastated and soil has been washed away so much that the level of the river bottom has risen, increasing the frequency of floods and causing severe flood damage to the crops. Apparently, this is an outcome of the irrational policy under which in defiance of common sense dictating that a mountain is where trees grow and a paddy or dry field is where crops grow, they cut trees to plant crops and call the patches of land thus created paddies and fields.

Fourth, the policy of self-reliance is based on the socialist spirit of attaining self-sufficiency in food and clothing. It may be aimed at achieving a self-sufficient economy through the socialization of agriculture and the attainment of self-sufficiency in food and clothing on the basis of the chuche ideology. But clearly, the outcome of such policy has been fully demonstrated in the former Soviet Union, China, and communist Vietnam. Abandoning their self-pride, these countries have made their debut on the international economic stage and are now taking an active role among the ranks of free trade and international cooperation to achieve leaping progress. But in an attempt to increase agricultural efficiency for their much-touted purpose of "building an earthly paradise," North Korea alone is still resorting to such desperate measures as an all-out mobilization of non-agricultural labor, including clerical employees of factories and enterprises, industrial workers, students, and soldiers, in farming during the busy season. The pursuit of an arbitrary ineffectual agricultural policy based on what they call the chuche farming method, contrary to its original goal of breaking the existing impasse by giving hope to the class of disgruntled farmers and presenting bright prospects, has proven unsuccessful so far in achieving the food production goal, with agricultural productivity remaining very low. It is impossible to make an accurate assessment of the food production and supply situation in North Korea because of the unavailability of credible statistics. It is speculated that thanks to its agriculture-first policy, North Korea exceeds South Korea in terms of the self-sufficiency rate in food grain supply. However, compared with South Korea, the variety of foodstuffs supplied in North Korea is limited and particularly their quality is very poor. This may be attributable to the limits of the controlled economy under which the farmers are coerced to achieve the government-imposed numerical production goals in the absence of incentives for stimulating their desire to produce. Up till now our analysts have made pretty much the same comparisons between the relative economic strength of the North and South by toying with scanty, piece-meal statistics available. Comparisons in agricultural production were no exception. They often made their comparisons by using figures on the output of the staple grain alone as the basis of their argument. That is why North Korea overexaggerated the output of staple grain by including corn, potatoes, and so on in this category besides rice. [passage omitted]

Future Prospects

In his New Year's message this year, Kim Il-song said: "In the domain of the rural economy, we triumphantly executed the grand nature harnessing program designed to bring irrigation to a high degree of completion, effected a turnaround in mechanization and chemicalization, and further developed agricultural science and technology to suit the demands of the chuche farming method, thereby laying a solid foundation for an agricultural revolution that will assure a continual bumper crop for ages to come." He added: "We must bring about a new turn in the development of the rural economy by waging a vigorous struggle to complete the historic tasks outlined in the Theses on the Agrarian Question. We must consolidate our successes in rural irrigation and electrification, achieve a high degree of planning and scientization, and thoroughly implement the chuche farming method so that we may increase the rice yield and develop all other sectors of agricultural production still more. Our working class must produce a greater variety of farm machinery and materials, such as tractors and trucks, modern farm machines, chemical fertilizers, and agricultural chemicals in greater quantities and deliver them to our rural villages. Cooperative farmers and all agricultural workers must fulfill the party-assigned goals of self-sufficiency by doing their farm work meticulously and assiduously."

As you see, North Korea still resorts pretty much to agitating language, but we can hardly see any signs of change in North Korea. Nevertheless, their emphasis on agriculture to achieve self-sufficiency, the importance attached to heavy industry [as published] to achieve qualitative and quantitative improvements in the production of daily necessities, their professed desire to increase exports by actively searching out and mobilizing resources for producing exportable goods and develop processing trade—all this may have stemmed from their judgment that the situation is so urgent that they have no choice but to change in one way or another in this age of internationalization. Supposing that assumption is in the realm of possibility to a certain extent, the question is: Whom will North Korea choose as its major partner? Japan, which is extending its hand in a more forthcoming manner than any among free countries, is one possible candidate. There is much possibility that North Korea will seek active relationships with other countries. But North Korea should know that the most reliable, stable, and profitable partnership can be obtained through the blood relationship between the North and South.

Should North Korea's agricultural administration boldly approve of private ownership of arable land, it would stimulate the desire of the farmers to produce more and spur the development of agricultural technology suitable to the topographic and climatic conditions in North Korea; and this would enable North Korea to produce more from its land that would be neatly rearranged, and thus resolve the food shortage without difficulty.

Unless the current system is boldly revamped, the farmers' desire to produce cannot but be passive and lukewarm and their productivity will fall more and more with each passing day, resulting in a slack and decline in yield in every category of cultivation. [passage omitted]

Government 'Regret' at Placement on Watch List

SK0305055294 Seoul YONHAP in English 0517 GMT 3 May 94

[Text] Seoul, May 3 (YONHAP)—The South Korean Government expressed regret Tuesday at Washington's placing of Seoul on the priority watch list for intellectual property protection violations.

"We regret that the United States one-sidedly evaluated the intellectual property protection situation of its trade partner according to its domestic laws, despite international efforts to resolve all disputes at the multilateral level before the launching of the World Trade Organization (WTO)," Foreign Ministry Spokesman Chang Ki-ho said in a statement.

The U.S. Trade Representative placed South Korea on the priority watch list on Monday, claiming that Seoul had failed to improve its laws on protection of intellectual property rights [IPR].

"We want to clarify our government position that we will continue to implement the agreements, both bilateral and multilateral, on IPR protection," the statement said.

Customs Uncovers Computer Chip Smuggling Operation

SK1904140294 Seoul YONHAP in English 1130 GMT 19 Apr 94

[Text] Seoul, April 19 (YONHAP)—The Kimpo customs office on Tuesday sought arrest warrants against a Korean and an American man on charges of violating the customs law after they tried to smuggle in 400 million won worth of computer chips through the U.S. Army Post Office [APO].

The duo were identified as Yi Ho-song, 27, of Togok-tong, Kangnam-ku, Seoul: and David Miller, 31, an unemployed, of Chori-myon, Paju-kun, Kyonggi Province. The customs office apprehended an accomplice, U.S. military civilian John G. Booth, 42, and turned him over to U.S. military investigation authorities under the Status of Forces Agreement. A customs official said that Yi, in collaboration with Miller, brought in 1,250 486-type computer chips through the APO under the name of Mr. Booth on April 17 and 18. The computer chips were purchased from the Micro-Tech Co. located in California, U.S., the official said.

Government Reportedly To Buy U.S. Weapons Early

SK2704062394 Seoul CHOSON ILBO in Korean 27 Apr 94 p 2

[Text] It was learned on 26 April that on 12 April, two days before U.S. Secretary of Defense William Perry's ROK visit, the ROK Ministry of National Defense decided to introduce about 80 billion won worth of U.S. weapons, including anti-artillery radar, into the country from 1995, one or two years ahead of the original schedule.

According to military officials, the MND has decided to hasten the purchase of three sorts of weapons demanded by U.S. Forces Korea because a budget for buying them has become available since adjustments of the Yulgok Project, such as the cancellation of the plan to improve the capacity of Phantom F-4s, were made as a result of a special inspection into the Yulgok Project in March, and because the ROK-based U.S. forces have strongly demanded the reinforcement in equipment of the ROK Army in preparation for a war since the beginning of this year.

The ROK will hasten the purchase of the following weapons from the United States at U.S. Forces Korea's request for an early purchase of them with the reason of effective joint operations: AN-TPQ 37, an anti-artillery radar for detecting the enemy's artillery units (58 billion won worth); C-NITE, night shooting control equipment attached to Cobra helicopters that enables tow missiles to be fired at night (20 billion won worth); and a jamming device that disturbs infrared guided missiles (2 billion won worth).

U.S. Forces Return Use of Pusan Port

SK2804022894 Seoul THE KOREA TIMES in English 28 Apr 94 p 3

[Text] A pier in Pusan exclusively used free of charge by the United States forces here since 13 years ago will be returned to the government to be used for export-import cargos.

A tentative agreement for the return of the sixth quay was reached between the Korea Maritime & Port Administration [KMPA] and the Eighth U.S. Army authorities recently, a KMPA official said yesterday.

Consultations for a final decision are underway with the U.S. State Department and the two sides will begin taking necessary procedures after the consultations end. But another pier also being used by the U.S. and the Korean naval forces for purely military purposes will remain as it is now, he said.

U.S. military officials revealed they would return the wharf to the Korean government from a positive perspective on condition that ships carrying U.S. military materials are allowed to use the pier with preferential treatment, he said.

The pier, 233-meters long and 25-meters wide, is located beside the Pusan Container Terminal Company and has the capability of accommodating one 3,000-ton container ship.

It was offered to the USFK [U.S. Forces in Korea] in July 1981 on the basis of the ROK-U.S. Mutual Defense Agreement concluded in 1954.

The KMPA plans to develop the pier for the exclusive use of ships transporting trade freight by investing some 8 billion won (10 million U.S. dollars).

The KMPA official said the restoration of the wharf is expected to inject fresh momentum in attracting cargo going to and coming from Russia and China.

The KMPA asked the USFK to return the pier via the Defense Ministry last September.

Imports of 46 Marine Products To Be Liberalized

SK2604081494 Seoul YONHAP in English 0617 GMT 26 Apr 94

[Text] Seoul, April 26 (YONHAP)—The government announced Tuesday a plan to liberalize imports of 46 marine products over the next three years which will be submitted to the General Agreement on Tariffs and Trade (GATT) this week.

Under the plan, the government will liberalize imports of frozen Alaskan pollack fillets from Jan. 1, 1995, those of frozen sharks, salted shrimp and three other products from July 1, 1995, those of frozen Alaskan pollack from Jan. 1, 1996, those of frozen sauries and 15 others from July 1, 1996, and exports of the remaining 23 items including frozen yellow corvinas, eels and hair-tails from July 1, 1997. In addition to the scheme, the government has also decided to advance import liberalization for angler fish and two others from 1997 to 1995, the announcement said.

The government has already liberalized imports of 302 of the 348 marine products and has now decided to free up imports of the remaining 46 products in three stages over the 1995-97 period.

South Korea graduated from the GATT balance-of-payments clause in October 1989 as its balance of international payments went into the black, and promised the GATT that it would liberalize imports of 279 farm and marine products between 1992 and 1997.

The government will liberalize imports of all these products by July 1, 1997, except for beef and live cattle, agriculture, Forestry and Fisheries Ministry officials said.

Agricultural Trade Talks Held With U.S., Australia

SK2604081794 Seoul YONHAP in English 0633 GMT 26 Apr 94

[Text] Seoul, April 26 (YONHAP)—The Korean agricultural team has gone on the offensive in trade negotiations. In recent talks, Seoul has bluntly told its trading partners to import Korean farm products or accept its export conditions, the Agriculture, Forestry and Fisheries Ministry said Tuesday.

The ministry held separate quarterly beef talks with Australia, New Zealand and the United States this month and strongly urged them to carry forward this year's excess import volume to the 1995 quota. It reminded them of Seoul's concessions to beef exporters in a series of talks and the Uruguay Round negotiations and told them it was their turn to compromise.

In a meeting with visiting Chinese Internal Trade Minister Zhang Haoruo on Monday, Agriculture, Forestry and Fisheries Minister Choe In-ki pointed out Korea's growing trade deficit with China in the agricultural sector.

Korea imported 1,055 million U.S. dollars worth of Chinese farm, fisheries and livestock products last year while exports only came to 35 million dollars, resulting in a 1.02-billion-dollar deficit. Seoul reportedly asked Beijing to import more Korean processed farm goods, vegetables and apples.

Choe, meeting his Canadian counterpart Ralph Goodale last Saturday, strongly requested that the North American country lift a ban on Korean apples. Goodale, in turn, asked Korea to purchase 300,000 tons of feed barley and lower tariffs on rape imports. Seoul refused, pointing out that barley was inefficient as feed compared with other grains and because Korea would nevertheless have to import barley from next year under the UR agreement. It also explained that it could not lower the tariff on rape because rape farmers on Cheju island would be hurt. Canada, the world's largest barley grower, has been persistent in trying to sell its products to Korea.

EU Stops GSP Treatment for ROK Fabric Products

SK2804125994 Seoul YONHAP in English 0818 GMT 28 Apr 94

[Text] Seoul, April 28 (YONHAP)—The European Union [EU] virtually finalized a decision to halt generalized system of preference (GSP) treatment for South Korean fabric goods from July 1 until Seoul withdraws its adjustment tariff on foreign products, the Foreign Ministry said Thursday. Industry officials predicted that South Korea stands to lose about 2.6 million dollars worth of exports to Europe due to the EU measure.

The decision, apparently in retaliation for Seoul's introduction of an adjustment tariff, needs further approval by the EU council before going into effect but this is almost certain, the ministry said.

The EU commission said April 20 that GSP status had been suspended for all South Korean products covered under the multi-fiber arrangement (MFA).

In January, Seoul introduced a 19-percent adjustment tariff on fabric imports for 1994 to minimize the impact on local firms caused by an unexpected inflow of foreign products.

To Suspend Status on Other Goods

SK0305081294 Seoul YONHAP in English 0543 GMT 3 May 94

[Text] Seoul, May 3 (YONHAP)—The European Union is poised to stop granting Generalized System of Preference (GSP) status to such South Korean products as consumer electronics, cars, semiconductors and footwear, indicating the union no longer sees Korea as a developing country.

According to a report released by the Korea Trade Promotion Corp. (KOTRA) Tuesday, the European Association of Consumer Electronics Manufacturers (EACEM) has demanded that the EU commission withdraw the GSP status of South Korea, Singapore, Taiwan and Hong Kong. The group insists that GSP treatment, intended to promote economic progress in developing countries, actually benefits only a few advanced developing nations.

In a report titled "The effect of GSP on the European consumer electronics and lightning apparatus industries," the EACEM argued that GSP treatment only enables the advanced developing countries to further penetrate the European market, KOTRA said.

In compliance with the demands of the EACEM and other industry members, the EU commission is likely to withdraw special treatment for consumer electronics from South Korea and other advanced developing countries beginning July 1 when the commission announces its GSP policy for 1994, according to the KOTRA report.

Meanwhile, the European Association of Automobile Manufacturers (ACEA), the European Electronic Component Manufacturers' Association (EECA) and the European footwear industry have joined forces with the EACEM in demanding the suspension of GSP status for goods from South Korea and other advanced East Asian Countries—in the form of complaints filed with the EU commission over the past months.

KOTRA sources believe the EU's move foreshadows a formal decision to suspend special treatment for cars, semiconductors and footwear from East Asian countries.

Officials from KOTRA expect that the new EU policy on GSP effective July 1 will include suspension of GSP status for such key South Korean exports as textile products, autos, semiconductors and footwear.

They noted that the associations of various industries, which asked the EU commission to drop GSP treatment for products from advanced developing countries including South Korea, represent each industry and are influential enough in Europe to sway public opinion.

Moreover, Europeans no longer consider South Korea to be a developing country, they added.

ROK, Japanese Defense Chiefs on Flight Schedules

SK2704083394 Seoul YONHAP in English 0719 GMT 27 Apr 94

[Text] Seoul, April 27 (YONHAP)—South Korean and Japanese military aircraft will not have to be scrambled so often after the two nations' defense ministers agreed to provide prior notification of their flight schedules, officials at the Defense Ministry here said Wednesday.

South Korean Defense Minister Yi Pyong-tae and his Japanese counterpart Kazuo Aichi agreed Tuesday to prevent confusion in identifying planes flying over the open sea by providing advance notice of their flight schedules near the zone.

They also decided not to scramble their military aircraft in principle if the other country's flight schedule for the "air defense identification zone" had been reported previously, according to the officials. In the past, the two nations' Air Forces had to scramble their planes in a bid to prevent foreign aircraft from violating their territorial airspace when South Korean or Japanese planes flew over the open sea where both have air defense "pickets."

Frequent scrambling of military aircraft, however, has increased the danger of Japan's and Korea's planes clashing or firing on each other and become an urgent bilateral issue. South Korea first raised the issue when former Japanese Defense Minister Yozo Ishikawa visited Seoul in 1990, and since then working-level officials from the two nations have held several meetings in Seoul and Tokyo.

The airspace where both countries have air defense pickets is below 37 degrees east longitude near the Japanese islands of Kyushu and Tsushima, defense officials said. The two nations are soon expected to discuss prevention of accidents on the basis of the ministers' agreement.

Defense Industry Accord Sought With Russia

Negotiations Prior to Kim Visit

SK2804064994 Seoul HANGUK ILBO in Korean 28 Apr 94 p 2

[Text] It was learned on 27 April that the ROK Government is seeking to sign a "ROK-Russian defense-industry technological cooperation agreement" (provisional title), which details bilateral cooperation necessary for the ROK to introduce defense industry equipment and technology.

It was also learned that the Foreign and Defense Ministries and other pertinent offices had been closely negotiating with Russia so President Kim Yong-sam can sign this agreement when he visits Russia in early June.

Therefore, ROK Defense Minister Yi Pyong-tae, who will be arriving in Russia on 28 April, will hold talks with the Russian defense minister to extensively discuss the revision of the "Memorandum of Understanding on Military Exchange" and the signing of the defense industry technological cooperation agreement.

A ROK foreign minister official said: "Russia's defense industry is different from ours in terms of systems and technology. Therefore, it is difficult for us to directly introduce some Russian equipment and technology." He also said: "The scientific and technological level of the Russian defense industry is as high as that of the U.S. defense industry. Therefore, the Russian defense industry will be very valuable to us in the long run because it will contribute to developing our defense industry and transferring its technology to private industries in the ROK."

This official also said: "If the ROK and Russia promote technological cooperation in earnest in the defense industry, the ROK's practice of introducing military technology mainly from the United States will change."

Meanwhile, the ROK Government is reportedly examining the possibility of paying royalties for Russian technology by exempting Russia from repaying some of the principal and interest on our economic assistance loans, which Russia has so far failed to repay.

Defense Ministers Hold Talks

SK3004062894 Seoul YONHAP in English 0531 GMT 30 Apr 94

["Moscow Shows Firm Stance Against Pyongyang's Nuclear Ambitions"—YONHAP headline]

[Text] Moscow, April 30 (YONHAP)—With South Korean Defense Minister Yi Pyong-tae's ongoing visit to Moscow helping to cement bilateral military ties, Seoul seems satisfied with the results of a meeting Friday between Yi and his Russian counterpart Pavel Grachev that showed Russia's firm opposition to Pyongyang's nuclear ambitions.

The fact that the two ministers discussed expanding bilateral military cooperation and the North Korean nuclear issue alone deserves attention, Western diplomats here say.

Pyongyang, which still maintains a military alliance with Moscow, will likely feel pressure from the meeting where it was agreed that North Korea's suspected nuclear weapons program must be stopped because it could threaten world peace as well as security in Northeast Asia.

Yi, the first South Korean defense minister to visit Moscow, said the meeting has paved the way for enhanced military links between the two countries.

Seoul and Moscow maintained unofficial military ties before 1992, when Grachev and his South Korean counterpart signed an accord on bilateral military relations. Grachev, at the time, was accompanying Russian President Boris Yeltsin to Seoul for a summit meeting.

In line with the accord, Yi Yang-ho, chairman of the Joint Chiefs of Staff, visited Moscow and naval ships from the two countries made friendly return calls last year.

The accord signed Friday, the second of its kind, calls for only two exchanges of military personnel, giving the impression that it carries no more importance than the 1992 pact.

Military experts, however, view the second accord as being considerably more important because it calls for visits to Seoul by Mikhail Kolesnikov, chief of the General Staff, and Defense Minister Grachev this fall and next year, respectively.

During Friday's meeting, the two ministers agreed on another treaty which calls for the two navies to provide ships to rescue stranded vessels from their countries. The treaty will be signed formally in early June when South Korean President Kim Yong-sam makes a state visit to Russia.

Meanwhile, Moscow seems intent on maintaining military ties "to a certain extent" with Pyongyang, its traditional communist ally since the era of the former Soviet Union, in an effort to retain some influence over Pyongyang. A senior official from the Russian Defense Ministry visited Pyongyang last December to sign a memorandum on bilateral military exchanges, demonstrating Moscow's desire to maintain defense ties with Pyongyang, western diplomats said. Moreover, a group within the Russian military is still calling for an undiluted relationship with the kremlin's old ally.

They also argue that Moscow wishes to preserve and improve diplomatic, economic and military ties with Pyongyang, which have been strained since it normalized relations with Seoul. In their view, Moscow is apparently trying to strike a balance between Seoul and Pyongyang.

However, it was a surprise that South Korean Defense Minister Yi told reporters that the meeting's agenda did not include the purchase of Russian weapons and the transfer of arms production technology. Yi's remark was unexpected given that Moscow has already delivered to Seoul a list of state-of-the-art Russian arms that could be provided to repay past South Korean loans.

Moscow has also taken an aggressive line toward establishing a South Korea-Russia joint venture to produce arms with Russian technology and South Korean capital and marketing expertise.

Military experts believe the Korean side did not want to address the issues of arms joint ventures and Russian weapons transfers in exchange for loans, even though the Russians wanted to discuss the matters. Instead, the issues can be dealt with during a meeting of the Korea-Russia Economic Cooperation Committee slated for May, they say.

Problems at Defense Talks Revealed

SK0105101494 Seoul TONG-A ILBO in Korean 1 May 94 p 2

[Article by Moscow-based correspondent Mun Myong-ho from the "Reporter's Eye" column]

[Text] "We had no time to discuss the defense industry cooperation at all," was the remark to the ROK correspondents in Moscow by the ROK Defense Minister Yi Pyong-tae emerging from his talks with the Russian Defense Minister Grachev held at the Russian Defense

Ministry building on the morning of 29 April. Defense Minister Yi also said that the ROK purchase of Russian weaponry was not discussed.

The ROK had a lot of expectations on the talks on the issue of defense industry technological cooperation. The Russian side was also reported to have expected the ROK to show a minimum positive response to the issue of purchasing Russian weaponry. However, neither side scored any gains in what it had hoped for.

Meanwhile, the ROK Defense Ministry source released a report in Seoul at about the same time saying that the defense ministers of the two countries agreed at the talks on that day that the two countries would build a system for assistance in defense industry technological cooperation. Since this was not a slight difference between the two reports over the same fact that could occur in the course of conveying the report, it should not be regarded as a communication error. One of the two must have lied, exaggerated, or concealed the truth.

Noteworthy is the fact that an incident of this nature occurred again two weeks after a similar one regarding ROK relations with Russia.

The report released by the ROK Foreign Ministry immediately after ROK Foreign Minister Han Sung-chu had talks with Russian Foreign Minister Kozyrev in Moscow on 14 April was that Russia agreed to actively cooperate with the ROK on the problem of the North Koreans escaping from the logging site in the Russian Far East. The truth, as it turned out later, was that Russia only reconfirmed its previous principled position.

ROK Embassy officials in Moscow are very embarrassed at the reports which are openly released in this manner distorting the fact and interpreting everything to one's own advantage.

We worry about the possible tendency in the government to have an illusion that Russia may accede to our demands easily because of its deteriorated prestige and debt to the ROK, or to think lightly of Russia. We should prevent a recurrence of an incident in which the people are fooled and the country loses face by pretending that there was success when there was no success.

Aviation Agreement Signed With Russia

SK3004113194 Seoul YONHAP in English 1045 GMT 30 Apr 94

[Text] Seoul, April 30 (YONHAP)—South Korea and Russia have initiated a new aviation agreement superseding the existing one, the Foreign Ministry announced over the weekend. The pact, resulting from the bilateral talks held here Thursday and Friday, stipulates for a reduced scope of matters for negotiations between airlines and new airport fees.

Deputy Foreign Minister for Trade Affairs Kim Kwangtong initiated the pact for Korea and acting Aviation Director Tumanov of the Transportation Ministry for Russia. The agreement will be formally concluded after the two countries take necessary steps. The two countries have also agreed to proceed with government- and private-level negotiations about air routes between them, including the trans-Siberian routes.

Hyundai, Russian Joint Venture To Build Aircraft

SK2704075994 Seoul YONHAP in English 0607 GMT 27 Apr 94

[Text] Seoul, April 27 (YONHAP)—The Hyundai Group will manufacture and sell aircraft in a joint venture with Russia's Yak Co., a group spokesman said Wednesday. The group's affiliate, Hyundai Technology and Development Co., will hold 51 percent of the joint venture and Yak the remaining 49 percent. Company Chairman Chong Mong-ku will be the owner, the spokesman said.

Hyundai-Yak is to manufacture the Russian aerospace firm's 150-passenger Yak 42h as well as the short-haul Yak 40h. The group's Sosan, Kwangyang and Changwon industrial plants will serve as manufacturing sites. The two companies signed a contract in November last year, with Yak offering the design and manufacturing technology and Hyundai taking care of sales, financing and production. Hyundai will dispatch engineers to oversee the technology transfer and plans to set up a branch in Moscow.

Russian Fishermen Undercutting ROK Fish Industry

SK0205013894 Seoul YONHAP in English 0111 GMT 2 May 94

[Text] Seoul, May 2 (YONHAP)—The South Korean deep-sea fishing industry is being threatened by fishermen from the former Soviet Union and their cheap catches, the Korea Maritime and Port Administration (KMTA) said Monday.

A KMTA report said that in the fishing grounds of New Zealand, Tahiti and Australia, former Soviet fishermen are making inroads into major areas and selling their catch at half the price charged by their Korean counterparts thanks to low labor costs. Fishermen from the former communist bloc earn less than 100 U.S. dollars a month, under one-14th the starting salary of 1,400 dollars for Koreans. Captains from the former Soviet Union are paid no more than 150 dollars, even less than the montly 500-dollar pay of Indonesian fishermen.

In order to increase their catch and save costs, Korean fishing boats have decided not to return to port unless bad weather or ship problems arise. To save docking time, they are being supplied with food and drink by freight boats, a KMTA official said.

Adding to their problems, Korean fishing vessels will likely find it difficult to gain longer periods at sea from bases like New Zealand, which are demanding that their nationals be employed as sailors. Koreans prefer not to employ them, however, as they refuse to work longer hours. Four Korean fishing companies operate in New Zealand and 10 in tahiti. Industry sources predict encroachment by fishermen from the former Soviet Union in other areas like Spain as well.

Japanese fishermen, hit by declining profitability caused by high labor costs, are selling their ships and returning home.

PRC Patrol Boats Seize Two ROK Trawlers

SK3004122794 Seoul YONHAP in English 1124 GMT 30 Apr 94

[Text] Pusan, April 30 (YONHAP)—Chinese patrol boats seized two South Korean dragnet fishing boats and took away one boat and 22 fishermen on Friday.

When the No. 2 Songgwang-ho, 98 tons, was under repairs in the seas about 220 miles southwest of Cheju Island around noon, a Chinese patrol boat seized it and whisked its Skipper Sin Hyon-pok, 43, and 10 fishermen to the patrol boat to tow the empty boat to China, the No. 1 Songgwang-ho, a sister boat of the seized one, cabled to the Pusan Marine Police Saturday.

The Chinese boat gave up the No. 2 Songgwang-ho, cutting the rope, when the sister boat chased it, the cable said.

Another Chinese boat also seized and took away the No. 27 Taehung-ho, 123 tons, with 11 crewmen, including Skipper Pak Hong-yang, 40, aboard, in the open seas 175 miles southwest of Cheju Island about the same time when it was adrift owing to engine trouble, according to the Pusan Marine Police.

Although the No. 2 Songgwang-ho was caught in an area believed to be China's territorial waters, the No. 27 Taehung-ho was seized in open seas and this is expected to cause a diplomatic row between Seoul and Beijing, the police said.

PRC Office Reportedly Demands Money

SK0305115394 Seoul YONHAP in English 1100 GMT 3 May 94

[Text] Pusan, May 3 (YONHAP)—A local Chinese Fishery Office continues to hold 22 South Korean fishermen as hostages in its attempt to obtain money from Korea.

An official at the Taeyang Fishery Co. here, to which part of the captured fishermen belong, said Tuesday the Fishery Administration Office in Luxi, Jiangxi Province of China was demanding money in return for the release of the fishermen without reporting the case to higher authorities.

Eleven of the 22 fishermen being unlawfully held in Luxi were the crew members of Taehung-ho No. 27 caught by a Chinese patrol boat in the high seas 175 miles southwest of Cheju-do last April 29. The 11 others were the crews of Songkwang-ho No. 2 also seized by a Chinese patrol vessel the same day roughly in the same area.

The official said a message from Taehung-ho No. 28, a sister boat of the seized Taehung-ho No. 27, indicated that the Luxi Fishery Office forced the hostages to tell Taehung-ho No. 28 in telex to go back to Korea and bring 50,000 dollars.

Chinese officials threaten that unless the money is given to them, they would handle the captured fishermen according to law, the official said.

Luxi fishery office people even intimidate the hostages into surrendering all the money they have, he said.

Taehung-ho No. 28 which was near the scene of the seizure, followed the Chinese patrol boat carrying the captured fishermen all the way to just outside the territorial waters of China and has been staying there.

The Luxi fishery office was making a similar demand toward the 11 fishermen of Songkwang-ho No. 2, a source said.

Prospects for Auto Trade With PRC Assessed

SK2604021194 Seoul YONHAP in English 0118 GMT 26 Apr 94

[Text] Seoul, April 26 (YONHAP)—China may officially open its doors to South Korean motor vehicles as early as July or August, sources at the Korea Automobile Manufacturers Association (KAMA) said Tuesday. The Chinese have presented to Korea a proposal on joint manufacture of 25 auto parts including fuel systems, bearings and ABS (Anti-lock Brake System) and they are currently discussing the matter, the sources said.

Liu Keming, vice president of the China National Automobile Import and Export Corp., will visit Seoul around June and decide on whether to approve Korean car imports after touring automaking and car parts manufacturing sites here.

A KAMA official, who recently attended the working-level meeting of the Korea-China Automobile Industry Association conference held annually in rotation, said Liu would be bringing a blueprint on how many cars China intends to import. He said it was "a matter of time" before Korean cars make inroads into China as the latter is coming around to the idea, predicting July or August after Liu returns from his tour and winds up the necessary procedures.

Beijing lifted its ban on car imports to some extent last year by formally allowing in 16,000 American autos and unofficially approving 8,200 Korean cars made by Daewoo Motor Co. The automobile industry associations of the two countries agreed to hold the first joint conference in Beijing or Changchun from Sept. 12-16 during the last working-level meeting April 13-16. China is expected to spell out its policy on Korean motor vehicle imports, including ways to promote investment in the completed car and auto parts industry and cooperation in parts at the joint conference.

Government To Open Consulate General in Qingdao

SK2804023194 Seoul THE KOREA HERALD in English 28 Apr 94 p 2

[Text] South Korea will set up a consulate general in the Chinese port city of Qingdao by the end of September this year at the latest, a Foreign Ministry official said yesterday. He said two officials at the ministry will be sent to Qingdao in mid-May for preparatory works, which will take three of four months.

In addition to dealing with usual consular affairs, the new consulate general will support Korean companies engaged in business in Shandong Province surrounding Qingdao, said the official. He added more Korean firms have advanced into Shandong than any other Chinese province.

Seoul, which formalized diplomatic ties with Beijing in August 1991, now has one consulate general in Shanghai. The official said the government will push to set up several more consulates general in other key cities in China.

Four Fishing Boats Captured by Argentine Navy

SK2004095794 Seoul YONHAP in English 0721 GMT 20 Apr 94

[Text] Buenos Aires, April 20 (YONHAP)—Argentine Navy vessels seized four South Korean fishing ships near the Falkland islands Tuesday afternoon. The four Korean ships, 300-400 ton large, are Petro 301 and Petro 303 of Taeung Deep Sea Fisheries Co., Tongwon 311 of Tongwon Industries Co. and Chaewon 22 of Chaewon Industrial Co.

The vessels, fishing within 200 nautical miles of Argentina's "territorial waters," tried to escape after the Argentine Navy ordered them to stop but were later captured, Argentine authorities said. Korean fishing sources here said four Korean vessels are confirmed to have been captured, but the figure may rise to seven. The incident marks the first time that the Argentine Navy, instead of the Coast Guard, has seized several Korean ships at a time for entering the zone and could cause a diplomatic dispute, informed sources said.

The Korean ships' catch will be confiscated and they face a fine of at least 500,000 U.S. dollars.

Companies Fight Argentine Claim

SK2104121394 Seoul YONHAP in English 0740 GMT 21 Apr 94

[Text] Buenos Aires, April 20 (YONHAP)—South Korean fishing companies have been on their toes ever since four Korean vessels were seized recently by Argentine naval authorities. The fishing business here for South Korean companies, which goes back to the late 1970s when Hansong Enterprise Co. first took to the water, witnessed its worst group seizure ever.

All four vessels are operated by locally incorporated South Korean companies—two by Tae Ung Deep Sea Fisheries Co., one by Tongwon Industries Co. And the last by Chewon Co. These locally incorporated firms own a total of 34 vessels, all flying Argentinian flags and obligated to follow local regulations, prompting South Korean officials to question why they were seized by Argentine authorities.

The captured boats were operating about 300 miles north of the Falkland Islands. The fishermen say they were taken illegally, insisting they were outside Argentina's territorial waters. Local authorities, however, say the boats were inside the 200-mile territorial limit, fishing 195 to 197 miles off the coast.

Bickering over whether a vessel is operating inside or outside the boundary is common: Most boats fishing illegally inside Argentine territorial waters speed beyond the boundary when chased by maritime authorities and claim they were fishing at the point of capture. But officials here say this time, the maritime police started from outside the boundary and gradually worked to the inside, discrediting the South Koreans' claims.

Argentina's federal courts will have to decide who is right, and most observers say South Korea is aboard a sinking ship. History shows that virtually no vessels accused of illegal fishing were set free without paying at least a minimal fine. The federal courts usually take at least three months to investigate before setting a fine. Depending on whether the courts see the violation as premeditated or unplanned, the fine could range from 490,000 U.S. dollars to as high as 1 million dollars. Because four boats were caught at once, the courts are most likely to view it as a planned violation, the officials say.

Over 500 boats operate in the teeming waters off Argentina in March and April including 50 Russian and 150 South Korean vessels, as well as Japanese and Taiwanese boats and those locally incorporated.

The officials say Argentina's fierce reaction to boundary violations is understandable given that so many foreign vessels cross the line to net squid and shrimp whenever the authorities' watchful eye is averted.

Government Welcomes Free Election in RSA

SK0305003194 Seoul YONHAP in English 0016 GMT 3 May 94

[Text] Seoul, May 3 (YONHAP)—The South Korean Government welcomed the conclusion of free elections in South Africa [RSA] Tuesday and looked forward to stronger bilateral relations after the end of apartheid.

South Korea "commends the firm determination and efforts of South African leaders, both black and white, who have wisely overcome the long disharmony between the races and have made this election a reality," said Foreign Ministry spokesman Chang Ki-ho.

"Furthermore, the Government of the Republic of Korea is of the view that the present elections provide historic momentum for bringing about an end to the 342-year legacy of minority white rule over the majority black population, and the regime of apartheid," he said.

South Korea "looks forward to further strengthening the already existing friendly relations between our two countries through the momentum created by the free elections in South Africa," Chang said.

Seoul and Pretoria established diplomatic ties in December 1992.

Cote d'Ivoire Foreign Minister on Visit

Han Meets Ivorian Counterpart

SK2704082294 Seoul YONHAP in English 0732 GMT 27 Apr 94

[Text] Seoul, April 27 (YONHAP)—The foreign ministers of South Korea and Cote d'Ivoire met Wednesday for talks on promoting bilateral relations and cooperation in the international arena.

Han Sung-chu greeted his counterpart Amara Essy at the Foreign Ministry and exchanged opinions on recent developments on the Korean peninsula and in Africa, officials said. The two foreign ministers shared the view that the North Korean nuclear problem should be solved through peaceful means, they said. Essy is the west African country's first foreign minister to visit South Korea. The two nations established diplomatic ties in 1961. Essy was to meet South Korean President Kim Yong-sam in the afternoon. He will tour major industrial plants and meet with business leaders before leaving on Saturday.

President Meets Ivorian Minister

SK2704111494 Seoul YONHAP in English 1023 GMT 27 Apr 94

[Text] Seoul, April 27 (YONHAP)—President Kim Yong-sam met visiting Cote d'Ivoire Foreign Minister Amara Essy at Chongwadae [presidential office] Wednesday and exchanged opinions on ways to further promote friendly relations between the two countries.

During the meeting, President Kim, explaining that South Korea plans to seek to obtain a non-permanent seat at the U.N. Security Council in 1996, asked for the African country's cooperation in this regard.

Kim also expressed the hope that durable peace will settle in Africa and the election in South Africa will be held smoothly, adding that his government will send a deputy prime minister to the inauguration of a new South African president.

In response, Minister Amara Essy said his country will support South Korea's advancement to the U.N. Security Council and will urge other African countries to extend similar support to Korea.

Government, Saudi Arabia To Sign Economic Pacts

SK2904005394 Seoul YONHAP in English 0038 GMT 29 Apr 94

[Text] Seoul, April 29 (YONHAP)—South Korea and Saudi Arabia agreed to conclude pacts on investment guarantees and avoidance of double taxation at a joint committee session this week in Seoul, the Foreign Ministry said Friday. The two countries also promised to cooperate in improving conditions for South Korean construction companies operating in Saudi Arabia, the Ministry said. The committee, the 10th of its kind, was convened after a five-year hiatus.

Seoul officials captured Riyadh's interest with proposals to jointly bid for construction contracts in third countries and for South Korea to participate in the Saudis' railroad-building project. Saudi Arabia, in return, asked for more private-level economic cooperation suited to the changing political situation in the Middle East after the Gulf War, the drop in international oil prices and the conclusion of the Uruguay Round.

South Korea registered 3.73 billion U.S. dollars in imports from Saudi Arabia last year, mostly crude oil, and posted exports of 940 million dollars. Although a heavy imbalance may be inevitable due to oil purchases, officials said they want to rectify it as much as possible—through a more active advance into the Saudi construction market, for example. Officials said the two sides agreed to work on expanding bilateral import-export activities.

Bank To Offer $10 Million 'Relending' to Vietnam

SK2004103694 Seoul YONHAP in English 0723 GMT 20 Apr 94

[Text] Seoul, April 20 (YONHAP)—The export-import [Exim] Bank of Korea will offer relending worth 10 million U.S. dollars to Vietcom Bank to facilitate Korean exports to Vietnam. Exim Bank Governor Chae Hong-sik and Vietcom Bank Vice President Ha Hui-song signed a contract Wednesday for the relending service covering three to 10 years and carrying annual interest rates of about 6 percent. Under Korea's first subleasing service to the Indochinese country, Vietnamese firms importing Korean industrial products will be able to borrow money from Vietcom with the Exim Bank funds at interest rates running around 7 percent. Including its facility to Vietcom, Exim Bank extends relending to 26 foreign financial institutes worth 264 million dollars.

New Prime Minister Stresses 'Harmony' in Cabinet

SK0105063994 Seoul CHUNGANG ILBO in Korean 30 Apr 94 p 3

[Article by reporter Kim Chin-wan on interview with newly appointed Prime Minister Yi Yong-tok in Seoul on 30 April]

[Text] Prime Minister Yi Yong-tok was interviewed by reporters immediately after his inaugural ceremony at the Grand Assembly Hall of the main government complex in Seoul on 30 April, in which he repeatedly stressed harmony. He said, "Harmony is important not only among the cabinet members. I will see to it that state affairs are managed through our exchange of views with as many personages as possible from Chongwadae [presidential office] staff, outside figures, and those in the journalist circles."

He made an extra effort to deny his image as a 'conservative' and said, "The proof that any person or a group is alive is that such a person or a group is supported by his or its effort for change and reform," thus introducing himself to be a reasonable realist in pursuit of change and reform.

The following is a compilation of the questions and answers in the interview.

[Kim Chin-wan] As deputy prime minister of unification, you chaired the Unification and Security Policy Coordinating Committee meeting. Will you be standing aloof from the meeting as prime minister?

[Yi Yong-tok] The Unification and Security Policy Coordinating Committee meeting is supposed to be chaired by the deputy prime minister according to the presidential order. I think this is sufficient. I will involve myself in it as prime minister only upon request.

[Kim] The former prime minister instructed that the agenda of the Unification and Security Policy Coordinating Committee meeting should be reported to the prime minister. Are you revoking this instruction?

[Yi] When I was deputy prime minister, I did not neglect reporting to the prime minister on it even before the instruction was issued. Irrespective of an instruction, reporting to each other and exchanging views with each other for the sake of harmony will help bring forth smooth operation.

[Kim] What is your opinion of the worries about the weakening of the prime minister's office?

[Yi] I do not think so. I do not know legal affairs much, but the prime minister is supposed to control the cabinet receiving orders from the president.

I will see to it that things are pushed forward vigorously, taking care that self-control and creativity are respected. Harmony among the departments is important.

[Kim] What will be the nature of the third cabinet?

[Yi] It is a cabinet of reform in harmony.

[Kim] What is your feeling about the stormy passage through parliamentary ratification?

[Yi] It is not appropriate that an official from the government should comment on what happened in the National Assembly. The conflict between groups will last longer than the conflict between individuals. I personally feel that the past one week was a very memorable period of time.

[Kim] Do you not have a plan to maintain the present senior officials of the prime minister's office for the sake of harmony?

[Yi] (Looking to the senior secretary and the administrative coordinating director of the prime minister's office) What shall we do? I have these two dependable aides. I should continue getting help from these two gentlemen, shouldn't I? (laughter).

[Kim] What is your opinion of the ethos of the present government officials? Are they excessively passive? If so, what are the measures to overcome this situation?

[Yi] I do not think so. I think the government officials have firm resolve to carry out state affairs, though the degree of the resolve may vary between individuals. However, the reestablishment of official discipline may be necessary. Reestablishing official discipline, we ought to boost their morale at the same time. What is needed here is self-control.

Reaction to New Deputy Premier Appointment Noted

SK3004063194 Seoul YONHAP in English 0551 GMT 30 Apr 94

[Text] Seoul, April 30 (YONHAP)—A sense of stability returned to the presidential office Saturday when the country's national security and foreign affairs team was finally made complete with the appointment of a new prime minister and deputy premier-unification minister.

Reflecting this feeling, President Kim sat down with his two new ministers after formally appointing them to their posts.

"I knew I would have the chance to work with Vice Prime Minister Yi some day," the president was quoted as saying to his Unification Minister Yi Hong-ku.

"That time has come," Kim said.

New Prime Minister Yi Yong-tok joked that the position of vice premier-unification minister is "not easy."

Yi Hong-ku, on the other hand, had soccer on his mind. He worried openly that his change of jobs might jeopardize Seoul's chances of winning the right to host the 2002 World Cup soccer finals.

"Personal relationships decide the successful bid for becoming host. I am concerned because the chance of winning the bid is getting higher now," Yi said.

—The opposition Democratic Party welcomed Yi Hong-ku's appointment but withheld a statement because of its confrontation with the ruling party in the process of approving the prime minister.

"We make a statement by not making a statement instead," party spokesman Pak Chae-won said. "But I personally think it was a good choice."

The Supreme Council's Kim Won-ki called the new unification minister a man "of experience and learning" while Rep. Mun Hi-sang described him as an expert on unification affairs, suited to leading Seoul's North Korea policy in the right direction.

The ruling Democratic Liberal Party loudly welcomed Yi's appointment as unification minister, calling it "appropriate" and Yi "the right person."

Rep. Yi Se-ki, chairman of the Party Policy Committee, reminded that Yi was excellent as a college professor, highly valued during his days as unification minister and effective as ambassador to Britain.

He saw Yi as moderate and possessed of a long-range vision in North Korea policies and predicted smooth sailing in cooperation with the party.

Secretary-General Yi Han-tong praised the deputy premier as a man of "goodwill and benevolence."

The ruling camp had another reason to be happy—the fact that the cabinet shake-up was much smaller in scale than feared.

Speculation once abounded that President Kim would change his diplomatic policy team and shake up the party leadership. "Now it's been proven that there was no need to reshuffle the party," one official said with relief.

New CFC Deputy Commander in Chief Profiled

SK1904133694 Seoul KYONGHYANG SINMUN in Korean 19 Apr 94 p 2

["Brief profile" of General Chang Song, newly appointed CFC deputy commander in chief, from the "Face" column]

[Text] General Chang Song, newly appointed deputy commander in chief of the Combined Forces Command [CFC], is a professional policymaker who served as commander of a division on the front line, chief of the Policy Planning Section in the Army Headquarters, commander of an Army corp, and chief of the Policy Section in the Ministry of National Defense. When he served as field officer, he greatly demonstrated his abilities in areas of military strategy, planning, and policy. He is well known as a capable dynamic man. After completing his duty as chief of the policy section in the Ministry of National Defense, he served as superintendent of the Korea Military Academy at the end of last year, and, at the same time, served as chairman of the committee to improve the national defense system in the Ministry of National Defense for about two months, starting last January. It has been reported that he has been appointed to the post of CFC deputy commander in chief as a result of his excellent contribution to formulating a significant plan to improve the national defense system.

He is 55 years old and was born in Yondong County, North Chungbuk Province. He served as chief of the Military Strategy Section in the Joint Chiefs of Staff, coordinator of the Investment Project Section in the Ministry of National Defense, chief of the Policy and Planning Section at the Army Headquarters, commander of an Army corp, chief of the Policy Coordination Section in the Ministry of National Defense, and superintendent of the Korea Military Academy.

Nation's First Submarine Delivered to Navy

SK3004102194 Seoul YONHAP in English 0829 GMT 30 Apr 94

[Text] Seoul, April 30 (YONHAP)—Daewoo Shipbuilding and Heavy Machinery, Ltd. delivered the nation's first submarine "Ichon" to the Navy in a ceremony held at the company's Okpo Shipyard near Pusan over the weekend, with chief of naval operations Adm. Kim Hong-yol, Daewoo Vice Chairman Yun Yong-sok and many other Navy and company officials attending, the company announced.

The diesel engine-powered T-209-class submarine is armed with torpedoes and depth charges and can conduct independent operations for two months with a crew of 30.

It can cruise at a maximum speed of 22 knots (40 kilometers per hour), compared with North Korea's Whiskey- and Romeo-class submarines cruising at 12 to 14 knots, the announcement said.

Daewoo started construction of the warship in November 1989, using designs and technology of Germany's HDW, and completed it in October 1992. The ship had been successfully test-operated before the delivery to the Navy.

Government Announces 'Streamlining' Finalized

SK0205094194 Seoul YONHAP in English 0830 GMT 2 May 94

[Text] Seoul, May 2 (YONHAP)—Twenty-two, or 60 percent, of the 38 central government agencies have undergone streamlining to honor the pledge of a "small government" made in January. At a meeting Monday presided over by Prime Minister Yi Yong-tok, the cabinet confirmed that 1,368 officials have been cut while

829 have been newly employed, resulting in a net reduction of 539 officials. One office, three bureaus, 11 councilor posts and 35 divisions have been closed down. Of the remaining 16 agencies, four agencies are awaiting approval for a manpower increase while 12 others, including the National Unification Board, have yet to submit reorganization drafts.

The government streamlining is therefore virtually finalized as the rest of the reshaping is likely to be small in scale. Of the 22 agencies that have finished their restructuring, the Communications Ministry did the most cutting—223 officials—followed by 115 in the Korea National Railroad, 105 in the Construction Ministry, 55 in the Home Ministry, 52 in the Foreign Ministry, 43 in the Trade, Industry and Energy Ministry, and 23 in the Government Administration Ministry.

In contrast, the Environment Ministry added 223 officials to perform its new task of handling water-related affairs and the public prosecutor's office employed seven.

Government Promotes Economic Internationalization

SK0205135894 Seoul YONHAP in English 1156 GMT 2 May 94

[Text] Seoul, May 2 (YONHAP)—The government has decided to promote 12 selected projects on a priority basis to better facilitate the internationalization of the nation's economy under the new world economic order. To this end, an "Economic Internationalization Planning Corps" will set sail at the Economic Planning Board shortly. It will be headed by the vice economic planning minister.

The 12 projects disclosed by Deputy Prime Minister Chong Chae-sok in a press conference Monday included a 21st century economic strategy, preparation for joining the OECD, improvement of banking system and rural development programs.

They also included the refixing of industrial policy direction, change in a small industry support policy, expedition of key technology development, and overseas advancement strategy.

The selected projects in the industrial support sector were elevated competitiveness of logistics industry, efficient manpower demand and supply program, effective handling of tightened international environmental control, and expanded participation in international organizations.

In addition, the government has resolved to give exceptional promotion to those public officials working hard, and organize inter-ministry mid-echelon officials meetings to remove what is called "ministry selfishness."

Public officials will also be accorded more opportunities for overseas observation or training tours in a policy to help them have a better understanding of the abroad and to enhance their morale.

In another step, the deputy prime minister and 10 other economy-related ministers will tour major local industrial areas in the coming two months to grasp a more correct picture of the field industrial situation.

Deputy Premier Chong, for instance, is set to visit the industrial estates in Kwangyang and Changwon and nearby rural areas this month.

Finance Ministry To Begin Privatizing Banks

SK2204054594 Seoul THE KOREA TIMES in English 22 Apr 94 p 9

[Text] The Ministry of Finance said it will sell a government-owned 72.6 percent stake of Citizens National Bank [CNB] from November on a gradual basis in its first step to privatize state-run banks. Before selling the government-owned shares, the ministry will allow the CNB to increase its capital by 20 billion won by way of making it go public and listing it on the Korea Stock Exchange in August. But even after the privatization of the CNB, it said the CNB's function to support small- and medium-sized firms will continue. CNB's paid-in capital is 191 billion won and its equity capital amounted to 406.4 billion won as of the end of 1993.

It also plans to sell the government-owned 1.6 percent stake of Korea Exchange Bank [KEB] this year and the Bank of Korea-owned shares will be sold some time during 1994-1995. Out of KEB's total paid-in capital worth 605 billion won, 65.3 percent is held by the central bank [Bank of Korea]. KEB's equity capital amounted to 1.6 trillion won as of the end of 1993.

Industrial Bank of Korea (IBK) and Korea Housing Bank (KHB) will also be privatized sometime during 1996-1997, it said.

The ministry said it will privatize first those banks which have the most similar characteristics with commercial banks. The ministry's move to privatize state-run banks is part of its policy to exempt commercial banks from extending government-supported policy loans and make specialized banks exclusively deal with the policy loans in the long-run.

Finance Ministry Moves Toward Open Bond Market

SK0305024794 Seoul THE KOREA TIMES in English 3 May 94 p 9

[By staff reporter Yi Chang-sop]

[Text] In a warm-up process for Korea's full-fledged opening of the 140 billion dollar bond market, the Ministry of Finance announced yesterday that from July 1, foreigners will be able to buy non-guaranteed convertible bonds [CBs] issued by small- and medium-sized companies listed on the Korea Stock Exchange as well as long-term state and public bonds of which yields are similar to international rates. The ministry said that the combined foreign purchase of these CBs will be set at 30 percent and individual foreigners can buy up to 5 percent of a single company CBs.

Like stock investment, foreigners seeking to buy Korean bonds must open an account at foreign exchange banks and securities companies and get an investment registration card from the regulators.

Even if foreigners have been issued an investment registration card from Korean regulators for their stock investment in Seoul stocks, they must separately get a card from them for bond investment, the ministry said.

Foreigners can theoretically invest in both stocks and bonds simultaneously from July 1. Foreigners must trade these stocks only through the Korea Stock Exchange. But 98 percent of all Korean bonds are traded in the over-the-counter (OTC) market. They must sell their Korean bonds only to Koreans. Trading among foreigners outside the exchange is prohibited, the MOF said.

CBs issued only by small-and medium-sized firms listed on the Korea Stock Exchange without payment guarantee from financial institutions will be available to foreigners. These CBs are regarded as the most risky, unattractive and illiquid of all bonds available here.

Non-Koreans can also buy state and public bonds that are designated by the Securities Supervisory Board. The maturity of these bonds is more than five years. They can not buy state and public bonds unless the issuers make formal request to the regulators.

All bonds foreigners buy must be kept at the Korea Securities Depositories, a semi-state agency which is in charge of safekeeping all kinds of marketable securities, until they sell them to Koreans.

Foreigners can freely remit investment money and income accruing from their bond investments in Korea. But the government retains the right to restrict the cash remittance exceptionally in emergency cases, which may not take place, ministry officials said.

Foreigners who buy CBs issued by small businesses will be fully guaranteed to convert them into underlying equities at the conversion date, the MOF said. But they will be told to sell part of their holdings if the aggregate foreign stock ownership exceeds 15 percent. Foreigners holding more than 3 percent of any listed company will be told immediately to sell their beyond-ceiling portion, it said.

Under the limited market-opening steps, foreigners can buy 6.9 billion won worth of CBs issued by small-and medium-sized firms and they can initially buy 10 billion won worth of public bonds in September, which are issued by the Chollanam-to province to finance its container yard construction.

The amount is quite a peanut of Korea's 140 billion dollar bond market, a Western broker here said. He and other foreign brokers said Korea initially put on sale "rotten vegetables" unattractive to Koreans. Fresh vegetables (guaranteed bonds with higher return) will be off-limit to foreigners for the time being.

Korea opened 10 percent of the stock market and announced the initial opening of less than 0.02 percent of the bond market. The stock market (120 trillion won in market capitalization) is larger than the bond market (111 trillion won).

But they added that it is meaningful that Korea finally starts to open its bond market although they do not know when additional bond- market openings will be made.

The government has a justifiable reason to be cautious in the opening of the bond market because of wide differences in interest rates between home and abroad, government officials and even many foreign bankers here said.

A full-scale opening will result in an influx of huge amounts of foreign capital, which will jeopardize the nation's monetary, foreign exchange and macroeconomic management, a Ministry of Finance official said.

The government has not specified when and to what extent the bond market-opening will be made additionally. But many analysts here view that the bond market-opening will be made only after the domestic interest rates fall to the significant level and the nation's foreign exchange and capital flow restrictions are set free, possibly after 1997.

Bank of Korea Governor Estimates Economic Growth

SK3004124794 Seoul YONHAP in English 1226 GMT 30 Apr 94

[Text] Seoul, April 30 (YONHAP)—Bank of Korea Governor Kim Myong-ho estimated Saturday the first-quarter growth of the economy at above 8.5 percent. Kim said in a press conference before his departure for Manila to attend the annual Asian Development Bank meeting that the economic growth in the January-March period was estimated to be more than 8.5 percent, thanks to increased exports and capital investment in all sectors except agriculture, though the estimate was not based on accurate data.

Kim's estimate is compared with the 8.3-percent growth estimated by the Korea Development Institute, indicating that the economy will grow 8 percent this year against the Bank of Korea's earlier projection of 6.3 percent.

It is too early to say that the economy is overheating because the economy is not yet showing such signs of overheating as supply shortages and rapid wage hikes. But the economy has entered an expansion period after a recovery from the recession, he observed.

Commenting on the current-account deficit of 2.5 billion U.S. dollars recorded in the first quarter, he said, "When the economy is recovering or expanding, imports are usually greater than exports chiefly because of the rapidly increasing demand for imported equipment and machinery. So, the deficit is a temporary phenomenon and I think it will not last long until the end of the year."

Kim said there would be no revision of the money supply growth goal of 14-17 percent for this year because the financial situation is so good that such revision is not needed.

Ministry Reports Speedy Settlement of Wage Talks

SK2704113994 Seoul YONHAP in English 1113 GMT 27 Apr 94

[Text] Seoul, April 27 (YONHAP)—Wage negotiations have been settled at South Korean industries at a rapider pace so far this year than last year.

According to the Labor Affairs Ministry, 812 firms or 14.8 percent of the total 5,483 companies employing more than 100 workers have concluded labor-management wage negotiations as of Tuesday. The percentage represented an increase of 3.2 percentage points over the same period of last year.

A Ministry official said the faster settlement was attributable to the fact that a central labor-management wage agreement came earlier than last year, and many industries had affirmatively accepted the wage agreement. The wage hikes agreed on thus far averaged at 5.3 percent, which compares with the average 5.2 percent of last year. By area, service firms topped the list with 24.1 percent followed by electricity, gas and water works (22.7 percent), transportation, warehouse and communications (20.5 percent), manufacturing (12.1 percent), construction (10.9 percent) and financing and insurance (5.1 percent).

Further on Improved Labor Relations

SK0305081194 Seoul YONHAP in English 0651 GMT 3 May 94

[Article by Kim Myong-chol]

[Text] Seoul, May 3 (YONHAP)—Labor-management relations have improved greatly from last year thanks to expanding mutual trust, an increasing consensus on the need to sharpen Korean products' competitive edge and dissident unions' restraint on forming a second labor front independent of the Federation of Korean Trade Unions (FKTU). Moreover, labor disputes are on the decrease and collective bargaining on wage hikes is sailing before the wind.

According to the Labor Ministry, 20 labor disputes have been recorded so far this year compared with 18 during the same period last year. Noteworthy is that the manufacturing sector saw only five disputes against 13 last year, while the remainder involved small taxi companies.

Employees participating in these disputes decreased from 12,712 last year to 4,739 and working hours lost to the disputes amounted to 20,520 hours, only 15 percent of the figure registered a year ago.

Of the 5,483 firms employing 100 or more workers, 918 or 16.7 percent had completed collective bargaining on wage hikes as of May 3. Last year, the same 16.7-percent rate was achieved May 11.

The improved labor-management relations and the resulting smooth sailing of collective bargaining are attributed chiefly to an increasing worker-employer consensus on the need to increase the international competitiveness of their products.

This need is felt not only by FKTU-affiliated unions but also dissident unions which last year launched general strikes, such as the Hyundai group workers union, the Daewoo group unions' conference and the National Council of Trade Unions (NCTU). These unions have refrained from starting labor disputes or from going to extremes when a dispute is indeed launched.

In most workplaces which have suffered strikes and work stoppages since 1987, when the winds of democracy began to blow in the country, labor and management have come to believe that extreme labor movements are consumptive and losing propositions. Toward the end of last year, businesses in such industrial areas as Ulsan, Changwon and Koje Island began to improve labor-management relations on the basis of cooperation.

Striking a discordant note, the dissident National Congress of Union Representatives (NCUR) charges that the wage guidelines calling for a 5 to 8.7 percent increase agreed between the FKTU and the Korea employers' federation was a product of secret bargaining. Nevertheless, these guidelines are accepted as reasonable by unions in most industries except those in such growth sectors as electronics, automobiles, steel and shipbuilding. Collective bargaining on wage hikes at many firms is proceeding according to these guidelines.

The NCUR, consisting of the Hyundai group workers union, the Daewoo group unions' conference, the NCTU and the conference of industrial unions, wants to form a second labor front independent of the FKTU this year, and therefore will not resort to prolonged strikes and other extreme action which might impede this goal.

At a separate May Day ceremony, the NCUR adopted a resolution warning that if the government and employers fail to show sincerity in collective wage bargaining—instead citing the need to increase international competitiveness and the wage guidelines agreed between the FKTU and the Korea employers' federation—it will launch a nationwide labor struggle in late May and early June. This warning is considered a demonstration of force for forming a second labor front.

The hard-line unions of Hyundai heavy industries, Daewoo shipbuilding heavy machinery and Kia Motors may launch a short-term strike because of their leading roles in the NCUR, but few expect a prolonged general strike like the one staged by Hyundai group unions in Ulsan last year.

The wage increases offered by unions at large firms for this year are 2 to 3 percentage points lower than last year: 12.6 percent at Hyundai heavy industries, 13.82 percent at Daewoo shipbuilding and heavy machinery, 15.07 percent at Kia motors, and 16.3 percent at Daewoo motor. With such offers, these firms' unions have just started collective bargaining, with an eye to completing the process by early June.

The bottom line? It is premature to adopt an optimistic view toward labor-management relations in the coming year because of labor's demand to participate in company management, price hikes, the government's plan to check unions, and other political and economic problems affecting labor.

Hanjin Heavy Industry Union Secedes From FKTU

SK2804133994 Seoul YONHAP in English 1101 GMT 28 Apr 94

[Text] Pusan, April 28 (YONHAP)—The labor union of the Hanjin Heavy Industry Co. on Thursday seceded from the Federation of Korean Trade Unions (FKTU) in protest against the recommended wage increase of 5 percent for this year earlier agreed on between the FKTU and the Korea Employers Federation. It is the third major trade union to leave the FKTU. The two others are the Association of Hyundai Group Unions and the Council of Daewoo Group Unions.

The Hanjin union decided on the secession in a vote participated by 46 union delegates. Of them, 41 voted for the withdrawal and two against. Three others abstained.

"The wage increase recommended by the FKTU and Employers Federation is something that undermines the development of trade unions. The cessation reflects the anger of all our unionists at the recommended wage hike," a union official said.

Overseas Investment Rises 250% in First Quarter

SK2404060594 Seoul YONHAP in English 0540 GMT 24 Apr 94

[Text] Seoul, April 24 (YONHAP)—South Korea's corporate investment in foreign countries in the first quarter amounted to 466 million U.S. dollars, up 250 percent from a year earlier, according to the Finance Ministry. The sharp increase was attributed to greatly relaxed rules governing foreign investment. The manufacturing sector accounted for 70 percent of the amount, and trade, transportation, construction and fisheries the rest.

North America was the top investment market for South Korean industries, representing 46 percent, or 214 million dollars, thanks to brisk investment in computer parts factories in the area. Asia placed second with 32 percent and Europe third with 19 percent. Investment by small- and medium-sized businesses also increased 55 percent from the same quarter of last year, indicating that small-amount overseas investment was steadily increasing.

Tourists Spend $799 Million in 1st Quarter

SK2604081194 Seoul YONHAP in English 0601 GMT 26 Apr 94

[Text] Seoul, April 26 (YONHAP)—The country's travel deficit is widening in "Visit Korea Year '94," Transportation Ministry officials said Tuesday. In the first quarter foreign tourists spent 799 million U.S. dollars here, a 12.4-percent rise, while Korean travelers shelled out 1.11 billion dollars abroad, up 22.9 percent. The result was a travel deficit of 315 million dollars for the three months, up 60.7 percent from 196 million dollars in the same period last year. The growing deficit was caused by a sharp increase in the number of Koreans traveling overseas.

In January-March, 735,000 Koreans went abroad, up 33.8 percent, while 825,000 foreigners entered this country, up 20.1 percent. The Transportation Ministry had hoped to even out travel revenue and spending at 4.2 billion dollars apiece this year, but tourism expenditure is likely to exceed revenue, the officials predicted.

16 Firms Vie for High-Speed Train Phone Contract

SK2504073794 Seoul YONHAP in English 0636 GMT 25 Apr 94

[Text] Seoul, April 25 (YONHAP)—The Korea High-Speed Rail Construction Authority (KHRC) announced Monday the list of consortiums, comprised of eight local and eight foreign companies, seeking the cellular system contract for the Seoul-Pusan high-speed railway slated to open in 2002. The Seoul-Pusan high-speed line will be the world's first to adopt a time-division multiple access (TDMA) cellular system, widely used by U.S. telecom companies in their cellular phone networks, a KHRC spokesman said.

Existing bullet trains—the TGV (Train a Grande Vitesse) of France, the ICE (Inter-City Express) of Germany and Sinkansen of Japan—all use the less sensitive analog technology.

The applicants are ASCOM of Switzerland (with participation by Korea's Goldstar Information and Communications), Motorola of the United States (together with Hantong Engineering), Siemens of Germany (Siemens Korea), Ericsson GE of the United States (Samsung Electronics and Kukje Electronics), AMCE and Union Pacific of the United States (Ujin Electronics), AEG of Germany (Hyundai Electronics) and Rohill of the Netherlands (Tongyang Telecommuncations).

The KHRC will choose five successful companies by April 29 and send them RFP (Request For Proposal) so that it can name the final awardees by year-end after screening their proposals from June.

Firms Participate in Overseas Oil Development

SK2704084194 Seoul YONHAP in English 0633 GMT 27 Apr 94

[Text] Seoul, April 27 (YONHAP)—Korean companies were participating in seven oil development projects in five countries—Indonesia, Yemen, Egypt, Argentina and Venezuela—as of the end of March, the vice chairman of the Overseas Petroleum Development Association said Wednesday at a seminar in the Korea exhibition center, southern Seoul.

Yun Sok-ku said 18 Korean companies, including Korea Petroleum Development Corp., are exploring for oil in 18 projects in 14 countries.

Korean firms have spent 1.2 billion U.S. dollars on oil development projects abroad and registered an income of 910 million dollars from them, scoring a 75-percent recovery rate. But since the regions being explored for oil are becoming more remote and deeper in the sea, the success rate has declined and the investment cost risen, he said.

Yun called on the government to help boost overseas oil development by increasing financial assistance, educating personnel and building up a comprehensive information network.

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Foreign Manpower Suppliers To Send Workers

SK2704111594 Seoul YONHAP in English 1028 GMT 27 Apr 94

[Text] Seoul, April 27 (YONHAP)—The Federation of Small Businesses on Wednesday selected 19 manpower suppliers in China and seven Southeast Asian countries which would be responsible for sending industrial trainees to South Korea. The federation set monthly remuneration for foreign trainee-workers at about 210,000 won (260 dollars) per person.

By country, the 19 manpower suppliers include seven in China, three in the Philippines, three in Vietnam, two in Bangladesh, and one each in Indonesia, Nepal, Sri Lanka and Myanmar [Burma]. A federation official said the selected suppliers will each be able to send up to 800 to 1,000 trainees to Korea and will have to pay 100 dollars per trainee to the federation as supply contract guarantee.

Foreign trainees in Korea will be assigned to practical work sites after they went through 220 to 350 hours of basic training and 660 to 1,050 hours of practical training, the official said.

Opposition Produces Witness List in Scandal

SK2304105794 Seoul YONHAP in English 0821 GMT 23 Apr 94

[Text] Seoul, April 23 (YONHAP)—The opposition Democratic Party [DP] on Saturday made public a list of 51 persons it chose as witnesses and references to be used in the planned parliamentary probe into the Sangmudae scandal. The ruling and opposition parties have agreed to have an assembly inspection of the suspected diversion of part of Sangmudae construction funds into political funds in late 1992.

Acting DP Head Kim Won-ki said his party had decided to include in the list all those suspected of having played parts in the scandal.

Among the 29 listed references were President Kim Yong-sam, former President No Tae-u and ex-rep. So Sok-chae. The witnesses selected numbered 22, who included the Rev. So Eui- hyon, disgraced ex-head of the Buddhist Chogye order secretariat; Defense Minister Yi Pyong-tae; Justice Minister Kim Tu-hi; ex- Defense Minister Yi Chong-ku; DLP [Democratic Liberal Party] Rep. Kim Yun-hwan; and former Chongwadae [presidential office] Protective Service Head Yi Hyon-u.

It is not likely that all of them will actually be used as witnesses or references in the upcoming probe as the ruling party is determined to use only those whose role in the alleged fund diversion can be substantiated by actual evidences.

Conviction of Hyundai Executive Upheld

SK2504073294 Seoul YONHAP in English 0541 GMT 25 Apr 94

[Text] Seoul, April 25 (YONHAP)—A Seoul court Monday granted a suspended sentence to the vice chairman of a shipping company affiliated with the Hyundai Group, the nation's largest conglomerate, accused of tax evasion and forming a "secret fund."

Upholding a lower court's ruling, the Seoul appellate court sentenced Chong Mong-hon, 47, vice chairman of Hyundai Merchant Marine Co., to three years in prison but suspended the jail term for five years, saying, "the accused contributed greatly to the national economic growth while serving the nation's leading conglomerate. Furthermore, he did not appropriate the secret fund for private use," although he was found guilty of having formed the secret fund illegally.

On the count of violating the foreign exchange control law, the court acquitted Chong, saying his company did not borrow money from an American firm but just "stood security" for a Hyundai subsidiary in America to borrow money from a U.S. bank.

Three other former employees of Hyundai Merchant Marine including former President Pak Se-yong, 54, charged in connection with the tax evasion and foreign exchange control violations, were all given suspended jail terms ranging from three to four years.

Chong and the others were arrested by the prosecution and accused of evading taxes totaling 5.5 billion won (about 7 million dollars) and forming a 21.1-billion-won secret fund from 1987 to 1991 by manipulating the company's documents, including yearly project reports and the minutes of senior staff meetings.

* Kim Tae-chung-Yi Ki-Taek 'Alliance' Examined

942C0051A Seoul CHUGAN CHOSON in Korean 2 Dec 93 pp 28-29

[By reporter Hong Chun-ho: "Is the KTC-YKT 'Alliance' Working All Right?—a Subtle Shifting of Current in the DP Power Dynamics"]

[Text] The Democratic Party [DP] has been operating on the basis of an alliance between former Chairman Kim Tae-chung [KTC] and present Chairman Yi Ki-taek [YKT]. More specifically, the YKT leadership came into being thanks to the tacit support of KTC who had just retired from first-line politics. And even today it is difficult to explain its existence minus that factor.

Needless to say, KTC has retired from politics. He himself reaffirmed this publicly on many occasions. But the fact is that even though he retired from active politics, it does not mean that his influence has also been "retired." This fact was verified more than once. KTC remains a member of the DP and, more importantly, all his men are in good shape in the DP.

Will the KTC-YKT alliance remain solid? Does KTC still trust YKT? Also, will the next DP national convention—which may possibly be held as early as late next year [1994]—bring no change in the present factional configuration? Each and every DP member must be pondering these questions aloud, for they are their greatest concerns and are a pending, long-term issue of the DP. In this connection, a few things have lately been observed anew, making it necessary to shed light again on this dormant issue and reexamine it.

They are: first, moves relating to the next party convention that have become visible; second, a subtle structural change in the power dynamics within the DP; third, a rearrangement of the battle line by the Tonggyodong [KTC] faction; and finally, Chairman Yi's moves.

According to the party Constitution, the next DP national convention is to be held in May 1995; however, in the event of a national election, it can be moved up by a maximum of six months or delayed by up to three months. Therefore, the next DP convention is, basically, far more than a year away, but Chairman Yi recently referred to the possibility of moving it up within the range indicated in the party Constitution. He thus hinted at his so-called intent for an early convention, creating a subtle stir in the party; until then, he had been negative about moving up the convention date. Now, since he himself raised the issue, there must have been a reason for it. Conversely speaking, his action proves that an anti-Yi offensive within the party is reaching a critical level. In fact, the nonmainstreamers have been demanding, intermittently though, the holding of an extraordinary party convention sometime in the first half of 1994.

Chairman Yi seems to be feeling the same pressure in the course of his management of the DP's National Assembly policy during the regular Assembly session, too. While the "nine man, nine different minds" criticism against the party leadership continues unabated, he could so far lead the party rather smoothly by effectively managing the balance of power among the members of the party Supreme Committee. However, as soon as he moved to show his own color in his National Assembly speech and in his parliamentary strategy as the opposition leader, the nonmainstreamers strongly reacted against it. Even among the Supreme Committee members, fewer came forward backing him up. No Mu-hyon and Yi Pu-yong of the Democratic faction [from the former DP before its merger with the UPP] turned their backs on him. No Mu-hyon, while holding on to his basic line since the last party convention in March, is nevertheless continuously intensifying his criticism of Chairman Yi. What makes the chairman worry even more is that Yi Pu-yong, who had been relatively cooperative, reversed his attitude, turning critical of the chairman. Since No and Yi Pu-yong are also members of the Reform group, these things have spawned speculations that Chairman Yi has not only lost his grip of the Democratic faction but is perhaps shunned by the Reform group, too. Only two Supreme Committee members, Kwon No-kap and Han Kwang-ok, remain loyal to the chairman, while the Tonggyodong faction reportedly sees something missing in Chairman Yi, at times feeling dissatisfied.

Meanwhile, the Tonggyodong faction has been constantly on the move since it unified its genealogy in the name of [KTC's] Naeoe Munje Yonguso [Institute of Internal and External Affairs]. Recently, it reorganized Yonchong, a private organization of KTC. Chairman Yi also has launched a membership drive for his private organization, T'ongil Sanha Hoe [Society for Reunited Mountains and Rivers], but he finds himself under mounting intraparty pressure. In short, the Reform group does not approve of "dual citizenship" of members, putting pressure on the chairman and his force.

Chairman Yi's camp is aware of all this subtle shifting. So much so that some insiders say that they might be oversensitive. At any rate, YKT and his force are known to be working on a strategy to ensure that their leadership continues after the National Assembly regular session and to further defend its power base at the next party convention while keeping a close eye on its own faction that is turning rebellious. They are also conferring on how to deal with the increasingly visible resistance of the progressive forces within the party and the growing signs of disharmony with the Tonggyodong faction, the main force in the DP.

In this atmosphere, Chairman Yi is said to have launched an attempt at a rapprochement with KTC recently. Actually, it does not pay for either side if they develop ties. For KTC, it could harm the image of his retirement from politics. Chairman Yi could also be hurt because such contact would further enhance his image as a weak leader unable to run the party independently. But the immediate reality is that something has to be done to change the flow in the combined forces of the DP apparently plagued by internal disharmony. Chairman Yi's side in particular seems to be feeling the need more keenly. Therefore, reports say, he embarked on a rapport with the Tonggyodong camp while discreetly maintaining a distance.

Acting as mediators between the two camps are Kwon No-kap and Han Kwang-ok, both members of the Supreme Committee, plus Rep. Mun Hui-sang, Chairman Yi's chief secretary, and Pak Chi-won, DP spokesman. Mun Hui-sang was the first chairman of Yonchong. He also served as its sixth chairman until Kim Ok-tu took over recently. He is one of the key figures among KTC's direct disciples and he is always present at their gatherings. Despite his position as Yi's chief secretary, he would say unhesitatingly that "my 'home base' is Tonggyodong." Pak Chi-won also has his roots in Tonggyodong and was part of the KTC campaign in the last presidential election. The two are the key workers playing the role of a bridge between the YKT and KTC forces to prevent a split and ensure cooperation.

They are said to be playing the part of letting Chairman Yi's side know—through a variety of routes—what KTC thinks about Yi's National Assembly strategy and political course in general, or vice versa. They contend that there is no gap between Chairman Yi and KTC. They explain that there has been no change in their basic relationship—even amid the subtle undercurrent of a power game within the party. They assert that KTC has had no objections to Chairman Yi's political line, to the substance of his National Assembly speech delivered in October as a product of that new line, and to his news conference remarks in late September in which Yi stated that he would give the economy priority over the issue of liquidating the past—namely, to all those things that fed the feud within the party. Needless to say, it was Mun Hui-sang himself who led the work in the writing of that speech. Moreover, Pae Ki-son, former assistant chief secretary for KTC, also took an active part in it. Pae has also been working as an aide for Chairman Yi for some time now. Another source familiar with developments on both sides asserts that "there is nothing going on that could fundamentally reverse the internal balance of power within the mainstream." He insists that the only problem is the dissatisfaction among mainstreamers with the performance of Chairman Yi, who they think lacks leadership for an effective struggle against the ruling camp. And it is a problem that can be resolved, he adds.

The nonmainstreamers have a different view, though. While agreeing that the KTC-YKT alliance will not be easily shaken, they do not think that YKT will remain the alternate of the mainstreamers for too long. At the same time, the mainstreamers themselves have the realistic need to try and shake the mainstreamers from inside to make sure that he will not. Their concerns are, in fact, no longer over the KTC-YKT alliance but are focused instead on the moves of the Tonggyodong faction.

* Firms Increased Aid to Universities in 1993

942C0092A Seoul CHUGAN MAEGYONG in Korean 9 Feb 94 pp 51-53

[By reporter Mun Hyong-nam: "Corporate Aid to Universities on the Increase; Grants of 30 Major Groups Reached 100 Billion Won in 1993"]

[Text] As they say, "universities and businesses are interdependent."

Universities' role for business communities is to provide them with fresh blood—human resources and theoretical bases for Research and Development [R&D]. Korean business communities, preoccupied with the immediate, day-to-day developments, indeed had been somewhat negligent of their obligations to help universities, but lately they have become increasingly conscious of the importance of the role of universities and have stepped up various types of assistance to further industry-university cooperation, including financial aid to research programs and expansion of facilities as well as scholarships.

It was found that the total amount of aid to universities by the nation's 30 major business groups, including scholarships, research and facility funds, and other endowments, last year reached 100 billion won [W]. A survey conducted by CHUGAN MAEGYONG indicates that 17 of them disbursed a total of W91.87 billion in aid to universities in 1993. Considering all other firms, however minor, and cases of inadvertent omission, the total amount is estimated at W100 billion.

The Daewoo Group topped the list with W30.4 billion, followed by Hyundai, W22.3 billion; Hanjin, W19.6 billion; Kumho, W5.78 billion; Lucky-Goldstar, W3.03 billion; Samsung, W2.1 billion; Sunkyong, W2.09 billion; Kia, 1.63 billion; and Lotte W1.25 billion.

Of the total aid, W30.98 billion went to facilities and W25.62 billion to research, while W22.08 billion went to endowments and contributions and W13.19 billion to scholarships. In the past, corporate aid mainly took the form of scholarships; nowadays, however, long-term support—that is, building of facilities, research funds for professors, endowments, and scholarships in that order—forms the mainstream. The survey found scholarships the lowest of all in weight. Also, industry-university cooperation such as joint research programs is moving ahead vigorously and in full swing.

Daewoo at Top With W30.4 Billion

The survey clearly indicates that such corporate aid is concentrated on a limited number of universities including those linked with business groups, Seoul National University [SNU] and a few others.

Of Daewoo's W25.9 billion from its group fund, W16 billion went to Aju University, while in Hanjin's case, of the W19.56 billion in aid to facilities funds, W16.43 billion went to Inha University Hospital and the Inha school system. Except for universities linked to particular business firms, SNU received the largest support, including W2 billion from Lucky-Goldstar, W1 billion from Hyundai and Kia respectively, W120 million from Kumho, and W90 million from Sunkyong—all as funds for school development or additional building projects.

Of all the business groups, Daewoo runs the largest university aid program. At the group level, it has, since 1991, disbursed more than W20 billion in annual aid, increasing the amount every year. The grants last year totalled W25.9 billion, and a 12-percent or W29 billion increase is planned for this year. Separate from Daewoo Group, Daewoo Foundation distributes W4-W5 billion every year in scholarship and research funds. So, the total Daewoo grants are expected to increase from W30.4 billion in 1993 to W33 billion in 1994.

Aid Focused on Certain Universities Including SNU

Affiliated firms of the Hanjin Group disbursed W19.6 billion last year—W40 million in scholarships and W19.56 billion in contributions to facilities funds. Hanjin scholarship grants are concentrated on group-related universities such as the Aviation College, Inha University, and Inha Engineering College. Of the W19.56 billion grants to facilities funds, W14.9 billion went to Inha University Hospital and W1.53 billion to the Inha school system. The group is planning a 68-percent increase in its aid this year, bringing the total to W32.87 billion. Of the planned grants, W26 billion will be to the Inha University Hospital building fund.

The Kumho Group last year contributed W140 million to scholarship programs, W120 million to the SNU development fund, and W20 million to the Hanguk General Arts School development fund. Also noteworthy is W5.5 billion it appropriated in aid to the 1993 operations of the Kwangju Institute of Science and Technology. Group Chairman Pak Song-yong has been promoting Kumho's positive aid to the institute as chairman of the preparatory committee for its founding in the past and as its board member now.

The Lucky-Goldstar Group scholarship program is for 150 selected students every year, paying their registration fees in full and giving each W300,000 to pay for training aids. The expenses come to approximately W300 million per annum. Also, under an overseas training program, the group selects 25 professors every year providing them with $20,000 each. The annual cost of this program is approximately W400 million. In particular, the group has been vigorously promoting industry-university cooperation. For example, it granted research funds to Kyongsang and Inha universities which participated in the development of a refrigerator for Korean pickle jars. Also, it added the Industry-University Cooperation division to the Group's R&D awards to honor professors of the two universities.

The Samsung Group spent W4.2 billion in 1990 to build the Hoam Hall for use by the SNU faculty as living quarters and for research purposes. In 1992, it built for SNU a W3.5 billion joint research center for new computer technology. But it made no major contributions last year, except for a W1 billion grant to Kyongbuk and Chonnam universities each as the local university development fund.

The Sunkyong Group gave the "SNU Yukong Laboratory" of the SNU chemical engineering school W86 million every year for 10 years through 1993 to promote joint research between industry and the university. The group also decided to grant the Hanyang University engineering school a total of W6 billion to help expand its facilities, delivering the second installment of W2 billion last year.

In the Kia Group, Kia Motors Corp. pays the full registration fees for 40 to 50 students every year and, in addition, provides them with tuition subsidies under industry-university scholarship programs. As industry-university cooperation funds, it gave Hanyang and Sogang universities W300 million each last year. It also contributed W1 billion to the extension work of the SNU engineering school, and W30 million to the support fund for Tongguk University. Kia plans to gradually increase its aid in both the number of recipients and the amount of money they receive.

The Lotte Group, which had decided to grant the Pusan University engineering school W3 billion for its development, delivered W1 billion of it to the university last year. Also, the Samnam Scholarship Association of the Group last year distributed W100 million for scholarships for university students and W150 million to support professors' research activities.

Actual Aid Given by Major Business Groups to Universities in 1993 (in W billion)

Group	Affiliated Co.	Scholarship	Research Fund	Facility Fund	Endowment, Contribution
Samsung	Group		0.10 in Samsung Welfare Foundation Hoam Awards (S&T, medicine)		1.0 each to Kyongbuk U and Chonnam U development funds

Actual Aid Given by Major Business Groups to Universities in 1993 (in W billion) (Continued)

Group	Affiliated Co.	Scholarship	Research Fund	Facility Fund	Endowment, Contribution
Hyundai	Asan Social Welfare Foundation	6.37	4.69		
	Group				3.00 to expand science/engineering enrollment
	Hyundai Motors		1.23 for lab equipment, research		
	Hyundai Electronics		0.52 for lab equipment, materials		
	Hyundai Heavy Industries		0.16		6.42 in contributions
Lucky-Goldstar	Group	0.30 for 150 students	0.40 for 25 professors		0.200 to SNU engineering school development fund
	Goldstar	0.50	0.13 in PC's/monitors to SNU		
Daewoo	Group		14.00 for Aju U, plus 2.00 in industrial-university tech support for Aju U	2.90 to help found Taejon College	7.0 to support university science/cultural programs
	Daewoo Foundation	4.50			
Sunkyong	Group		0.09 for SNU chemical engineering	2.00 to improve Hanyang U engineering school facilities	
Ssangyong	Songgok Science-Cultural Foundation	0.20 in Songgok scholarships for Kungmin U	0.04 in Songgok Science-Culture Award for 2 people, 0.20 in research funds (3 million won per head)		
	Group				0.30 in Korea U sports fund
	Ssangyong Cement	0.12 in industrial-university scholarships			
	Ssangyong Oil Refining	0.08 in industrial-university scholarships			
Kia	Kia Motors	40-50 students in annual industrial-university scholarships, full registration fees, part of sch. expenses	0.30 each in industrial-university coop funds for Hanyang U, Sogang U	1.00 to expand SNU engineering school	0.03 in Tongguk U supporting fund
Hanjin	Group	0.04		1.33 for Inha schools, 3.13 for Chongsok schools, 14.90 for Inha U Hospital	
Lotte	Samnam Scholarship Assn.	0.10 for students	0.15 for professors		
	Group				1.00 to develop Pusan U engineering school
Dongbu	Dongbu Cultural Foundation	0.24			

Actual Aid Given by Major Business Groups to Universities in 1993 (in W billion) (Continued)

Group	Affiliated Co.	Scholarship	Research Fund	Facility Fund	Endowment, Contribution
Kumho	Kumho Cultural Foundation	0.14	0.50 for designated professors at Kwangju S&T Institute	5.00 to build lab at Kwangju S&T	0.12 for SNU development, 0.02 to develop Hanguk General Arts School
Kolon	Oun Cultural Foundation	0.21	0.12		0.16 in development funds
Jinro	Jinro Cultural Foundation		0.32		
Sammi	Sammi Cultural Foundation	0.07	0.07		0.03 to support educational institutes
Tong-yang	Sonam Foundation				
	Central Research Inst.		0.30 for advanced research		
Woo-sung	Group	0.20		0.50 in trust & actual construction fees for dormitory for North Cholla Province students in Seoul and for Chonbuk U's Yuyon Hall in Koshiwon	
Kukdong Construction	Group			0.02 to build Sogang U library, hall	
TOTAL	91.87	13.19	25.62	30.98	22.08

Burma

Drug Kingpin Khun Sa's Statements Reported

Says Thailand Should Annex Shan State

BK0205024894 Bangkok THE NATION in English 2 May 94 p 1

[Text] Shan State, Burma—Reputed drug kingpin Khun Sa says he wants his Shan State to become a province of Thailand under Their Majesties the King and Queen.

Shan State has more to offer Thailand than Burma's central government in terms of a developing market, natural resources and cheap labour, he told THE NATION.

Khun Sa, also known as Chang Si Fu, is leader of the Shan Maung Tai Army (MTA).

"We the Shan State wish to become a province of Thailand. All Shan people have full respect for the Thai monarch and the Royal Family. Also we would like to have bilateral trade, the way the European Union countries trade among themselves."

The people of Shan State, like other Burmese ethnic groups, have been fighting for independence from the central Rangoon government, which is administered by the military's State Law and Order Restoration Council (Slorc). Khun Sa is widely reported to be funding his state by trading in heroin, which is produced from opium poppies grown throughout the area.

Khernsai Jaiyene, a close aide to Khun Sa, said the MTA has sent a letter to the King seeking his help in settling the problems of minority groups in Burma.

"So far, it seems to us that this (the King's help) is the only way to end the fighting by the Burmese people struggling for independence from the government," said Khernsai.

Khun Sa also expressed concern over the planned transportation network linking Thailand, Burma, China and Laos. He said it would adversely affect his people and his state.

"The network has been pushed purely for economic gain, without taking into consideration the wants of the people and without good management. The Shan State, which covers one third of Burmese territory, would be badly affected," he said.

According to Khun Sa, the Burmese government wants a leading role in the project because it would be an opportunity to eliminate the minority ethnic grouping.

"The Burmese government will spend money given for the project to purchase weapons to fight against our people and other ethnic groups," he said.

Slorc would make use of the transport system to be built under the project as strategic routes to transport men and arms to wage war against minorities.

Khun Sa said he was referring to two routes, one linking the Bumma-China border province of Lua to Keng Tung and to Tachilek in Thailand's Chiang Rai province, and to a proposed railway linking China and Laos.

"The only way the Burmese government will use the project is to tackle its domestic political conflicts, and that means more suppression of the minorities," he said.

Annexation Story Denied

BK0305060094 Bangkok THE NATION in English 3 May 94 p A4

[Text] A close aide of Burmese drug warlord Khun Sa yesterday denied that the opium kingpin wants his Shan state to become part of the Thai kingdom.

Khernsai Jaiyene said although Khun Sa respects the Thai monarch highly and wants closer ties with Bangkok, he wants Shan to remain "independent".

He said Khun Sa could have been misquoted.

"We respect His Majesty the King and, once Shan state gains independence, we would like to invite the Thais to trade with us," Khun Sa said during a recent press interview. "All our rich natural resources can be sold to Thailand as raw material and Thailand will benefit immensely from it."

Khun Sa said he would like Shan state to have a close economic relationship with Thailand, like that of countries in the European Community.

Coping With Rangoon Suppression

BK3004112494 Bangkok KRUNGTHEP THURAKIT in Thai 30 Apr 94 pp 16, 15

[Excerpt] A KRUNGTHEP THURAKIT correspondent filed a report on his recent visit to Shan State, the territory under control of Khun Sa, a world-renowned heroin producer. He said he could hear the sounds of gunfire from the fighting between the Burmese and ethnic minority forces along the Thai-Burmese border in Mae Hong Son Province. He also reported that many young men aged between 10 and 15 are receiving military training. Boys are drafted into the Shan Army when they reach 15 years of age.

From Saengchai Saengchu, the Khan Sa group's assistant coordinator for civilian affairs, he learned that in early 1994 the Burmese Government spent $1 billion to buy 14 Mirage aircraft from China. The Chinese Mirage is a copy of the Russian version.

Saengchai said: "We have information that the Burmese Government paid 40 percent of the cost of the Mirage in cash. The aircraft will be used to suppress antigovernment minority groups. The Burmese Government obtained money from signing away fishing, gem mining, and logging concessions. The remaining 60 percent could be paid to China by allowing it to build a highway from Mandalay to Rangoon and a large seaport to give China a new access to the sea."

Saengchai said his information is that not all the planes will be used against Khun Sa forces. Most of them will be targetted against the Karen rebel group who controls the area opposite Thailand's Mae Sariang District and Tak Province. Two of the planes have already been shot down by Karen rebels.

Shan State leader Khun Sa, however, said he was not frightened by Burmese Government's purchase of Chinese planes to suppress rebellious minority groups. His forces have antiaircraft guns and SAM-7 rockets to deal with these planes. His men have also been instructed to build protective shelters.

Khun Sa said: "We have hired foreign technicians. We are now able to produce RPG's. Although their quality is not that good, they will be able to shoot down Burmese planes because the planes are an older model and have low capabilities. They also have a short flying period because of their small fuel tanks." Moreover, Khun Sa said he now has 47,000 soldiers after the training of the 27th batch in early 1994. Another batch of 4,000 have already started the 28th training cycle. Another 7,000 is expected to be trained in the 29th cycle and another 8,000 in the 30th cycle. He expects that by the end of this year his forces will grow by another 20,000 men. This size will be sufficient to fight the Burmese Government soldiers. [passage omitted]

Than Shwe Addresses USDA Training Course

BK0305081694 Rangoon Radio Burma in Burmese 1330 GMT 2 May 94

[Excerpts] Senior General Than Shwe, patron of the Union Solidarity and Development Association [USDA], chairman of the State Law and Order Restoration Council, and commander in chief of the Defense Services, addressed the opening ceremony of the USDA executives management training course No. 2/94 held at 0900 today in the Union Hall of the Training Department of the Central Public Relations Corps in Hmawbi. [passage omitted on attendance]

Than Shwe expressed his pleasure at meeting the trainees and said that the trainees need to act as full-fledged USDA members. He explained in establishing an organization, the structure, procedures, rules and regulations, and programs of the organization have to be drawn up. He said if these structure and procedures only exist on paper and the organization members do not understand these procedures and structure, they will not be able to successfully implement organization programs. He said the training course on objectives, rules and regulations, and programs, of the organization is to enable the executive members to systematically implement, manage, and organize USDA programs.

Than Shwe said the central level of the organization would not be able to operate extensively at the grassroots level, and that the course is to enable regional leaders to extensively operate as full-fledged members at the grassroots levels. He explained that the training course is being held to enable executive members to coordinate work systematically among themselves at various levels so that they would not carry out programs on their own initiative. He said the course will systematically train them in office and organizational work. The trainees would also be taught in areas of general knowledge, he said.

Than Shwe explained that the courses would be conducted by cabinet ministers, directors general, and managing directors and called on the trainees to study and observe subjects to be taught and to ask questions if they do not understand. [passage omitted]

He said once the course is completed, the trainees are to carry out organizational work in their regions and that they need to study in order to master their tasks. He explained that although the USDA is a social organization, they need to master organizational work because if they cannot effectively carry out organization work, their organization would fall apart. Therefore, he urged the trainees to study the curriculum seriously so that they can put it into practice.

Than Shwe explained that following the events of 1988, there has been a switch from a one-party system to a multiparty one, and the economic system has been changed to a market economy. He said the USDA is a social organization, which together with the Defense Services, will provide guidance to ensure that the union, which is formed by all national races, remains stable and peaceful.

He said the SLORC is currently holding the National Convention, which is aimed at developing a firm state constitution. He said the new constitution would emerge when the time comes and a new nation would then emerge. He added that the SLORC is working for national reconciliation. He explained that there had been no national solidarity and stability and peace in the country since independence. That was why armed organizations in the jungle are being invited to return to the legal fold. The invitation is being extended not because we have difficulties, but because we would like to carry out development projects in areas where the armed organizations have returned to the legal fold and where national races previously had no rights to economic development, health, education, and social development.

He said there has been considerable success in introduction of the market economy and that the rate of economic growth was 10.9 percent in 1992-93 and 6 percent in 1993-94. He said efforts would be made to maintain this growth to improve the living standards of everyone, including workers and peasants. He said that while we should strive for political stability and national unity, we should also work for economic progress.

He said there should be harmony at the executive organizations at various levels under the leadership of the central organization, in striving to successfully implement the objectives of the organization.

In conclusion, he called on the trainees to seriously study the subjects taught in the course. The ceremony ended at 0925. [passage omitted]

Brunei, Malaysia & Singapore

Malaysia

British Firm Signs Contract With Kelantan

BK0205145894 Kuala Lumpur NEW STRAITS TIMES in English 30 Apr 94 p 6

[By Shamsul Akmar]

[Excerpt] Kota Baru, Fri.—The PAS [Pan Malaysia Islamic Party]-led Kelantan Government will award a contract for its water supply project to a British company despite the Federal Government's decision not to give new contracts to British firms. Menteri Besar [Chief Minister] Nik Abdul Aziz Nik Mat said today the State Exco [executive council] met last week and decided to hire Thames Water for the project.

The ban on the award of government contracts for British firms was imposed on February 25 following unsubstantiated reports by the British media of alleged corruption on the part of Malaysian political leaders in deals involving British firms. The Cabinet had made it clear that the ban included all Federal and State Government contracts.

All State Governments, except for the Pas-led Kelantan State Government and the then PBS [Sabah United Party] Sabah State Government, had supported the move. The decision also received overwhelming support from various quarters in Malaysia, including politicians, trade unions, non-governmental organisations and individuals. Kelantan is the only State to go against the Federal Government's decision.

Nik Aziz said the project would be a joint venture between Thames Water and Yayasan Kelantan Darulnaim (Yakin). It would be carried out on a privatised basis and would be for the supply of water to the State's water treatment plants.

"We hope the project will overcome the acute water shortage we anticipate in a few years. In fact, we are already facing the problem and we have to do something fast to rectify the situation," Nik Aziz said. He neither, however, elaborated on why the State Government had decided to engage a British firm nor disclosed the terms and conditions of the deal. [passage omitted]

Defense Minister Begins Visit to Albania

BK0105120594 Kuala Lumpur Voice of Malaysia in English 0600 GMT 1 May 94

[Text] Malaysia and Albania will open new ground in bilateral cooperation, including an unprecedented military cooperation when Defense Minister Datuk Sri Najib Tun Razak began his three-day official visit today to the former communist state. Seen as a follow-up to the historic visit by Prime Minister Datuk Sri Dr. Mahathir Mohamed last July to the eastern European state, Datuk Sri Najib will formally establish military ties with Albania under a memorandum of understanding, MOU, to be signed the following day.

Datuk Sri Najib is flying from Stockholm for the first leg of his visit to Sweden, Albania, and Croatia when he will meet Malaysian troops. He will also establish closer rapport and Islamic cooperation with his majority Muslim states.

Albania has 3.3 million people, more than 80 percent of them Muslims. According to the minister's press secretary Zulkifli Ali, Datuk Sri Najib will hold a dialogue session tomorrow with Albanian religious leaders in a Tirana mosque, built in 1793 situated in the heart of the state capital. Like previous official visits by Malaysian leaders, Datuk Sri Najib is also expected to take the opportunity from his stay to explore business opportunities for Malaysians to venture in the redevelopment process of Albania.

Deputy Premier on New Public Holding Company

BK2904115094 Kuala Lumpur NEW STRAITS TIMES in English 28 Apr 94 pp 1, 2

[By Noorzita Samad]

[Text] Kuala Lumpur, Wed.— Khazanah Holding Bhd. [Limited], the government's new investment holding company, can be expected to spearhead Malaysian investments in mega and strategic projects overseas.

Deputy Prime Minister Datuk Sri Anwar Ibrahim announced yesterday that Khazanah Holding, which will begin operations in early June, would be allowed to make additional or new investments in mega projects that are considered "strategic" to the nation either locally or abroad.

Khazanah Holding will also identify several strategic projects, which the private sector is not yet able to undertake, and plan the governnment's investments in them accordingly. It will also be allowed to raise funds in the domestic and international markets by issuing shares, loan stocks, or other types of financial instruments. "This form of financing is much cheaper. It will also enable the government to undertake new investments without resorting to its internal resources," he said.

Anwar, who is also finance minister, was speaking to reporters after sending off Datuk Sri Dr. Mahathir Mohamed and his delegation at Bilik Bunga Raya, Kuala Lumpur International Airport in Subang. The prime minister, who will be Khazanah Holding chairman, and his delegation left for a five-day official visit to Zimbabwe.

Anwar, who will be Khazanah Holding deputy chairman, said the government's existing investment arm, the Minister of Finance Inc. (MoF Inc.), will be the sole shareholder in Khazanah Holding. Khazanah Holding has an authorised capital of RM [Malaysian ringgit] 500 million and a paid-up capital of RM100 million. Anwar said Khazanah would take over the management of the bulk of the government's equity investment currently being overseen by MoF Inc.

"The government will identify which assets to be transferred to Khazanah. Not all (of the equity investments) will be placed under the new entity. The assets will be transferred in stages," he said

MoF Inc. holds shares in 37 companies worth RM72.5 billion based on the current market value and RM7.59 billion at par value. These include shares in listed companies like Tenaga Nasional Bhd. [electricity company], Telekom Malaysia Bhd., Edaran Otomobil Nasional Bhd. (Proton) as well as in unlisted ones like National Oil Corporation Petronas, Heavy Industries Malaysia Bhd., and Perwaja Steel Industries Sdn. Bhd. [Private Limited]. It is understood that initially about RM40 billion of the investments will be taken over by Khazanah Holding.

Anwar said Khazanah Holding will have six directors—three from the public sector and another three from the private sector. "Khazanah Holding will have a team of professional managers. Its policy, however, will be ascertained by the Board of Directors chaired by the prime minister," he added.

Anwar said the government decided to form Khazanah Holding in view of the increasing equity investments in MoF Inc. as the privatisation and corporatisation of government-owned enterprises gained momentum in 1990s. This in turn calls for more professional and systematic management of the assets, he added.

Anwar said to protect the government's interests, the company is required to submit its annual statement of accounts to the auditor general. The documents will also be forwarded to Parliament.

Anwar also outlined various functions of the new holding company. These include:

- Drawing up the medium-and long-term corporate plans for the group' participation in the private sector, especially in new priority areas;
- preparing strategies to enhance efficiency, productivity, and profitability of the companies in its stable [as published] so that returns from the investments can be maximised; and
- undertaking additional or new investments in mega projects which are "strategic" to the nation either locally or abroad.

Anwar said as the companies improved their profitability, Khazanah Holding is expected to receive larger dividends. "Most of the dividends will be channelled to the federal government, being the sole shareholder through the MoF Inc. The revenue will be used for various purposes, particularly to finance development projects."

Singapore

Medan Riots, Impact on Workers Assessed

BK2904143594 Singapore THE STRAITS TIMES in English 29 Apr 94 p 34

[Editorial: "Medan Riots A Warning"]

[Text] If the social tension that led to the recent riots in Medan is not confined to North Sumatera alone, then it should set alarm bells ringing in Jakarta. Since the growing incidence of unrest is occuring at a time of rising political consciousness among Indonesians, the authorities need to manage the underlying problems quickly and effectively in order to safeguard stability. As the rioting in Medan has shown, large public demonstrations can degenerate easily into violence that can cause instability, as has happened in the past. It also shows that much needs to be done to improve and stabilise labour-management relations. One issue is the degree of compliance by employers with the new minimum wage rate set by the government. Cooperation by management has not been forthcoming. Why else would the Supreme Court urge judges to punish errant employers with prison sentences? Indeed, President Suharto had asked employers to go beyond implementing the minimum rate in improving the working conditions of employees. Then there are questions about the effectiveness of the state-sponsored All-Indonesian Workers Union (SPSI) in representing the interest of workers. For example, a few months ago, the Indonesian armed forces chief, General Feisal Tanjung, drew attention to their plight, saying that SPSI had failed to function as a labour union because many of its senior officials were serving the interests of management instead of workers.

But, it must be said, the Indonesian Labour Welfare Union (SBSI), the country's largest independent trade union which is not officially recognized was pushing too hard on workers' right. The government had already begun to focus its attention on that issue. It raised the minimum wage by 26 percent for workers in and around Jakarta and promised to review the situation at a later date. It also revoked the decree introduced some years ago, that allowed employers to ask the military to intervene to end strikes. Similarly, last September, the government undertook to restructure SPSI in order to make it less centralised and, thus, more responsive to the views of its constituent sectoral unions.

Indonesia cannot afford irresponsible behaviour by labour or management. The SBSI's demand for almost doubling the minimum wage is excessive. Acceding to it would endanger economic growth and, thus, the country's ability to generate enough jobs to stem rising unemployment. According to Manpower Minister Abdul Latief, 38 percent of Indonesia's workforce of 81 million are without work or are under-employed. Even if the current growth rate of around 6 percent is sustained, joblessness would grow by 2 percent annually. Particularly troubling is high unemployment among university graduates. Only 30 to 40 percent of them are expected to be absorbed in the coming years.

Raising wages to an unrealistic level, especially when labour productivity is low, will lead to more unemployment because it will make the country less attractive to overseas investors, who can put in their money in other countries such as China, Vietnam and India, where labour is plentiful and cheap. This has already begun to happen. Foreign investment in Indonesia dropped by 22 percent last year. Investments are also needed to contain growth of its external debt that has reached U.S.$90 million. The issue of workers' rights has surfaced at a delicate time, when the country is in the throes of social change, while it faces new economic challenges.

A firm hand is needed to stamp out trouble-makers, and to deter those looking for trouble. A more sophisticated and responsive machinery is needed to manage the delicate labour-management relations. However the authorities respond to these challenges, the Medan riots should be an eye-opener to all sides.

Construction, Development Mission Visits Burma

BK0205105394 Singapore THE STRAITS TIMES in English 2 May 94 p 36

[Text] A Singapore mission is visiting Myanmar [Burma] this week, further cementing ties between the two countries.

The eight-day construction and development mission, which begins today, is organised jointly by the Trade Development Board (TDB) and Construction Industry Development Board.

Representatives of 21 Singapore companies will make the trip to Yangon [Rangoon].

The mission follows a three-day visit to Myanmar in March by Prime Minister Goh Chok Tong.

Singapore is Myanmar's second largest trading partner after China.

Trade between the two countries increased by 19.4 percent from $603.1 million [Singapore dollars] in 1992 to $720.3 million last year, and the growth was due mainly to an increase in oil and non-oil domestic exports and reexports.

During Mr. Goh's visit, two Singapore companies signed memoranda of understanding with Myanmar's Ministry of Hotels and Tourism.

Keppel Group's Straits Steamship is developing a U.S. $50 million (S [Singapore] $79 million) international-class hotel in Mandalay—its second in the country—and Kuok Singapore said it would invest U.S. $150 million to develop two first-class hotels in Yangon.

This week's mission is led by Mr. Fong Siew Heng, executive director of Low Keng Huat. The chief executive officer of Eastern Industries Pte. Ltd. [Private Limited], Mr. Chong Wai Siak, is the deputy mission leader.

In a statement released at the weekend, the TDB said the group aimed to cultivate and develop official and business contacts in Myanmar and to meet the relevant authorities and corporations involved in construction projects. Members also hoped to explore areas for joint cooperation.

Said Mr. Fong: "The mission is largely exploratory in nature as this will be the first trip to Myanmar for the majority of the participants."

He expressed confidence that the visit would prove an "eye-opener" for both parties.

Participating companies include major construction firms, developers, architects, consultant engineers, building material manufacturers, and a bank. Among them are Alfred Wong Partnership, United Engineers Singapore, First Capital Corporation, and United Overseas Bank.

The Singapore Contractors Association is also represented.

The TDB said business opportunities in Myanmar's construction sector were expected to increase with the opening up of the economy and the resulting inflow of foreign investment.

State enterprises, which accounted for 89 percent of output in Myanmar's construction sector in 1992/93, experienced strong growth between 1989 and 1992 as a result of the government's emphasis on infrastructure construction and rehabilitation, particularly in the capital city of Yangon.

Public capital expenditure for the sector totalled 1,843 million kyat in 1992/3, or 12.5 percent of total expenditure.

Myanmar's imports of capital goods for the year 1991/2 totalled U.S. $249.9 million. These included construction materials, machinery and equipment and transport equipment.

External Trade Recorded 'Strong Growth'

BK2904031294 Singapore Singapore Broadcasting Corporation in English 1100 GMT 28 Apr 94

[Currency in Singapore dollars]

[Text] Singapore registered strong growth in external trade last month. The volume grew more than 13 percent on a three-month moving average basis. The value of the total trade jumped about 11 percent to 24 billion dollars. Import volume also rose 11 percent to over 12 billion dollars. Non-oil exports saw a 17 percent rise in volume as shipments to both the U.S. and Japan recorded rises. Deliveries to the U.S. were up 13.5 percent and a surge of 24.7 percent to Japan. This growth was largely in integrated circuits, computers, and computer peripherals. But non-oil exports to the EC dipped 2.9 percent.

Cambodia

Sihanouk Condemns KR Attack on Peace March

BK0305080094 Phnom Penh AKP in French 0404 GMT 3 May 94

[Text] Phnom Penh 3 May (AKP)—On Sunday, King Norodom Sihanouk condemned the attack against a peace march by the Khmer Rouge [KR] guerrillas, who killed at least three persons in northwestern Cambodia on the previous day. "I express my condolences and my grief to (march organizer Superior Bonze) Moha Khosananda, the bonzes and laymen, and my compatriots and foreign friends who sacrificed themselves for the ideals of peace, national reconciliation, nonviolence, and friendship through Lord Buddha's peaceful means," the monarch declared in a communique. He stated the Khmer Rouge were responsible for these "tragic and sad actions."

A peace march spokesman, cited by AFP, declared that three persons, a bonze, a nun, and a layman, were killed Saturday evening with automatic weapons while at least three bonzes were wounded by the Khmer Rouge. According to the Battambang police, the violence resulted in four dead during this attack, which took place near Bavel District.

King Sihanouk urged the organizers of the march to cancel the initiative out of fear that "other incidents" would take place. The peace march of some 1,000 persons, led by Buddhist spiritual leader and Nobel peace prize nominee Moha Khosanada, left for Battambang on 24 April. It planned to go to the Khmer Rouge headquarters in Pailin, some 400 km from here, and then go on to the Angkor Wat temples. According to march organizers, several of the 12 foreigners who took part in the march were kidnapped by the Khmer Rouge.

King Sihanouk demanded they be freed immediately, but information on these alleged kidnappings remained unclear Sunday. A British diplomat said there were contradictory reports about their fates and that one of the persons believed kidnapped was seen safe and sound in Battambang. Serei Kosal, deputy Battambang governor, said he had heard that foreigners were reported missing and believed kidnapped by the Khmer Rouge, but he could not confirm these reports.

Paper Questions Allegations Against Hun Sen

BK0205101894 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 2-3 May 94 p 2

[Li Tung Commentary: "Is Samdech Hun Sen a War-Monger?"]

[Text] Some pessimists have put all the blame on Samdech Hun Sen for the deteriorating military situation in the past two weeks by pretending to forget about the danger of the Khmer Rouge and by ignoring the Royal Government's policy.

Two months ago, through a newspaper in Phnom Penh, a Royal Government official charged that there were war-mongers in the cabinet. He did not specify who they were, however. It is only now that these pessimists have reflected on this accusation and pointed at Samdech Hun Sen directly.

Why have these people stirred up this matter? It is either to break up the internal unity of the Royal Government and thus enable the Khmer Rouge to seize control, or to keep the government in chaos and instability, while enabling the Khmer Rouge to continue their attacks in the outlying areas, and thus prolong the current situation.

First of all, even if these elements do not know everything, they should at least know that the leadership of the Royal Government by the first and second prime ministers must be in harmony. The prince's first trip as prime minister to hold discussions with Khieu Samphan at the beginning of 1991 and the recent final decision to eliminate the Khmer Rouge's isolationist movement through military means have all been agreed upon. These matters have been affirmed by the two prime ministers. We must resolutely oppose anyone who is a war-monger and attempts to use warfare as a means to stabilize his power.

Each battle has its own meaning, aim, and form. If the Royal Government did not resist the war waged by the Khmer Rouge which had caused great destruction to national property and the lives of people, the government would certainly be blamed. The government has been blamed, however, by these pessimists for carrying out its duty in line with the articles defined in the Constitution. This matter is difficult to understand. It will be even more difficult to understand if these pessimistic elements are in the ranks of the cabinet.

Peaceful means is the only way to end the conflict in Cambodia. But the Khmer Rouge have rejected the round-table meeting. This should serve as clear proof for all, including those pessimists, as to who the real warmongers are; Hun Sen, the Royal Government of Cambodia, or the Khmer Rouge?

Prime Ministers Support Cease-Fire, Roundtable

BK0305091194 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 3 May 94

[Message from Coprime Ministers Ranariddh and Hun Sen to King Norodom Sihanouk; dated 3 May]

[Text] His Majesty Norodom Sihanouk Varaman, king of the Kingdom of Cambodia:

Your Majesty, we, the first and second prime ministers of the Royal Government of Cambodia, having learned of Your Majesty's idea concerning a cease-fire and roundtable, beg permission to inform Your Majesty of our consent, support, and compliance with your lofty idea as follows:

1. We will respect and comply with Your Majesty's idea for an immediate, complete, and unconditional cease-fire and halt between Khmer Royal Armed forces [KRAF] and the Khmer Rouge group's armed forces.
2. We are ready to send two KRAF generals to take part in a cease-fire observation committee to oversee this cease-fire throughout Cambodia under Your Majesty's lofty chairmanship.
3. We are ready to attend a roundtable meeting under Your Majesty's lofty chairmanship after the cease-fire takes effect throughout Cambodia and is concretely stabilized.

We beg Your Majesty to please accept our most sincere fidelity and highest respects. Please forgive any improprieties.

[Signed] First Prime Minister Norodom Ranariddh; Second Prime Minister Hun Sen
[Dated] Phnom Penh, 3 May 1994

National Reconciliation Talks 'Canceled'

OW0205004294 Beijing XINHUA in English 1631 GMT 1 May 94

[Text] Phnom Penh, May 1 (XINHUA)—The round-table talks on Cambodia's national reconciliation scheduled for May 2 have been canceled due to disagreement on the meeting site.

Khieu Samphan, chairman of the Democratic Kampuchea Party, said in a telegraph to King Norodom Sihanouk today that the round-table should be held in a neutral place instead of Phnom Penh which he said can not guarantee the safety of the party's delegation. Khieu Samphan said that the round-table should be held in Pyongyang or elsewhere as the King proposed in his April 24 telegraph.

However, King Sihanouk told Khieu Samphan in a telegraph yesterday that the co-prime ministers of the Cambodian Government agreed that Khieu Samphan and his delegation would stay in the palace to ensure their safety, but they were opposed to hold the round-table in a foreign country.

The round-table meeting was proposed by King Sihanouk on April 22, but the two sides failed to agree on a meeting place.

According to reports from Khmer Rouge, military confrontation continues in northwest part of the Cambodia this morning with Khmer Rouge capturing several towns.

Reports on Khmer Rouge Activities Continue

Military Activities: 20-30 Apr

BK0105112394

[Editorial Report] The following is a compilation of battlefield reports as characterized by the clandestine Voice of the Great National Union Front of Cambodia in Cambodian in its 2330 GMT newscast on 30 April:

1. Battambang Province

On 29 April, the people and the National Army of Democratic Kampuchea [NADK] attacked and destroyed the Division 12 command post in Chamka Kor. On the morning of 30 April, the people and the NADK continued attacking the Division 12 command posts in O Bei Choan, Thmar Sen, and Kon Trei along Route 5. These positions have been liberated. Lay Vireak, commander of General Dien Del's 12th Division, has disappeared.

At 1845 on 29 April, Sdau position was fully liberated. Boeng Krasa, a position near Kamping Puoy, was liberated the same day.

At 0200 on 20 April, the command post of Battambang Province in Anlung Vil was attacked. Anlung Vil is the command post in charge of Battambang Province's eastern and southern commands.

On 28 April, enemy forces were attacked west of Moung along Route 5, from Kakaoh to Prey Toch along the railway line, and from Ta Mam to Kouk Trom. Four platoon positions were destroyed and the state authority in Kakaoh commune and 10 villages was dismantled. A 25- meter bridge on Route 5 at Stoeng Chak was destroyed. Five AK rifles, 15 B-40 rockets, and three cases of AK ammunition were seized.

2. Banteay Meanchey Province

On 29 April, two government tanks leaving Ampil were ambushed and destroyed north of Pong Toek. Nine soldiers were killed, including Generals (Su Yat) and (Yav Baksei).

3. Siem Reap Province

On 29 April, Khna, Roul, Khchei, Kuoy, Khan Sar, Prey (Phkang), Koul, Chileang, Ampil, and Prey A villages in Kroch Kor commune, Kralanh District on Route 10 were liberated. Thirteen enemy soldiers were killed and five others wounded. These villages are under the control of the people and the NADK.

4. Preah Vihear Province

On 24 April, a battalion position at Anlung Sokram, between Kantuot and Ta Em in Choam Khsan District, was attacked and completely liberated. Two enemy soldiers were killed and three others wounded. Four AK rifles, three B-40 rockets, and 3,000 rounds of AK ammunition were seized.

On 29 April, the positions of Battalions 61 and 66 of Division 14 in Tuol Chhnuol, Choam Khsan District were attacked. Six enemy soldiers were killed, including a major, and three others wounded.

5. Pursat Province

On 27 April, the offices of Boeng Khna commune and four other villages were attacked. Three enemy soldiers were killed and five others wounded. A large warehouse was destroyed.

6. Kompong Chhnang and Kompong Speu Provinces

On 27 April, the state authorities in two communes along the Krang Ponley River in Kompong Tralach District, Kompong Chhnang Province and in Udong District, Kompong Speu Province were attacked. Six villages in Peam commune, Kompong Tralach District, Kompong Chhnang Province and 10 villages in Veal Pun, Udong District, Kompong Speu Province were liberated. Twenty-nine local officials were relieved of their duties and four rifles seized.

Houses Burned; Fighting Intensifies

BK0205025994 Bangkok BANGKOK POST in English 2 May 94 p 2

[Text] Fighting between Khmer Rouge guerrillas and Cambodian government forces across the border from Aranyaprathet intensified yesterday.

The Khmer Rouge 519 Division under Mit Sau pushed government forces from Yeang Dangkum by burning villagers' houses and soldiers camps, according to military sources on the border.

The government force was later holding its ground under protection of artillery rounds fired from Ban Nimit base on Route 5. More than 25 shells fell in Thailand around Non Mak Mun and injured one Thai soldier.

About 200 Khmer refugees had been trying to escape the fighting but were moved near checkpoint No. 27 of the 12th Ranger Regiment at Ban Nong Chan, a safe area away from the border. Another 300 Cambodians were scattered near the border. An additional Khmer Rouge force was pressing the government base at Ban Sing.

A military source in Aranyaprathet said fighting began about noon yesterday about six kilometres south of Poipet. The Burapha Task Force authorized warning smoke rounds to be fired north of the government base after shells fell on Thai soil.

A task force source said the Khmer Rouge attack was extremely cruel with reports of decapitation in order to intimidate villagers.

Role in Peace March Incident Denied

BK0305083094 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 2 May 94

[Statement by National Army of Democratic Kampuchea spokesman; dated 2 May—read by announcer]

[Text] I. It has been reported that a peace march was made to the Bavel region last Saturday and that two or three marchers were shot dead. This report hinted at the National Army of Democratic Kampuchea [NADK] as being responsible for the incident.

The NADK spokesman would like to emphasize that the NADK had nothing to do with this peace march. In fact:

1. The NADK did not know the starting point nor destination of this march.

2. The situation in the western part of the town of Battambang is marked by the fact that the communist Vietnamese, their puppets, and their allies' puppets have been launching fierce and continuous operations against the national resistance forces and people, thus causing inestimable damage and endless misery to the villages and people in this region.

3. The NADK would like to emphasize that anyone who wants to find the culprit in the peace march incident should look at the evildoers, that is, the communist Vietnamese, their puppets, and their allies and puppets who have kindled the war together and are continuing to kindle the flames of war which has burned and ruined Cambodia, the Cambodian people, Buddhism, temples, and monasteries for 15 years now. By now, half of Cambodia is becoming another Kampuchea Kraom.

To cite Lord Buddha, all these atheists are the ones who have committed all kinds of evil deeds, especially killing and stealing. The Democratic Kampuchea and the Cambodian nation and people are the victims, victims who have suffered untold misery and not been allowed even to protect themselves. They have jointly attacked and accused us in an unjust, inhuman, arrogant, and brutal manner in line with their evil nature as demons who like to suck human blood.

4. Questions: Who does not know that the communist Vietnamese have installed their puppets to serve as a smokescreen for the communist Vietnamese to continue their aggression and occupation of Cambodia? Who does not know that the allies have integrated their puppets

with the communist Vietnamese puppets since July 1993 in order to continue fueling the Vietnamese war to kill the nation, people, and resistance forces? In Lord Buddha's moral precept, who has done all these evil deeds? In the way of the world, who have been the aggressors against the Cambodian nation and people for the past 15 years?

From these few questions, people can clearly see without any delusion what is white and what is black.

[Signed] NADK spokesman
[Dated] 2 May 1994

Battambang Fighting Continues

BK0305064294

[Editorial Report] The following is a summary of battle reports broadcast by the Voice of the Great National Union Front of Cambodia in Cambodian at 2330 GMT on 2 May.

Battambang Province:

On 1 May, Snoeng township on Route 10 was completely liberated by the National Army of Democratic Kampuchea [NADK]. A tank was captured. The NADK forces are moving close to Phnum Sampeou, which is 12 km from the town of Battambang.

Peak Sbek village near Snoeng township on Route 10 was completely liberated on 1 May.

On 30 April, the NADK and people launched a sweep operation against the Vietnamese puppet administration in Peam Ek township, Sangke District, Battambang Province, killing three puppet elements and wounding five others. They also attacked and dispersed the evil administration in villages from O Peam Ek to Chong Sdau.

On 1 May, the NADK and people continued to attack the command post of the puppet 12th Division at Nong Chan. They totally smashed and liberated this area, killed six enemy soldiers, wounded some others, seized some weapons, and destroyed two mortars.

On the same day, the NADK and people continued the offensive from Nong Chan to Kon Trei. After an hour of fighting, this area was totally liberated. Three enemy soldiers were killed and some weapons were seized. Nong Chan and Kon Trei were the strategic positions of U.S. puppet Dien Del's Para soldiers.

On 29 April, the NADK and people attacked Battambang Province's command post and dismantled the Sangke District office. They killed three enemy soldiers, wounded four others, and destroyed five barracks, two district office buildings, a large antenna, and a quantity of documents and war materiel.

Koas Krala in Moung District was liberated for the second time on 1 May.

Government Urged To Review Economic Policy

BK0305105994 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 2-3 May 94 pp 1, 2

[Commentary by Seiha: "The Royal Government Must Review Its Economic Policy"]

[Text] Cambodia's economy is deteriorating to an alarming extent. Everyone knows that Cambodia needs a huge sum of money for national rehabilitation and reconstruction, and that its main income comes from customs duties and taxes. Declining economic activity—with a huge plunge in imports and exports—has caused the country's income to drop by about 50 percent. This is the official figure announced by Economy and Finance Minister Sam Rangsi. This decline will certainly upset the Ministry of Economy and Finance's plan to seek 361 billion riels in income for the current fiscal year.

In addition to the decline in export-import activity, foreign investment in general has not grown since it was permitted by the Royal Government. Although there has been no official announcement regarding foreign investment statistics, the facts show various companies that previously invested in Cambodia have withdrawn part of their funds and have turned to investment in Vietnam. Meanwhile, other companies that planned to invest in Cambodia have maintained a wait-and-see attitude.

In addition to the political situation in the country, Mr. Sam Rangsi admitted that Vietnam's opening up to free import marketing and Thailand's reduction of its import taxes have also caused Cambodian exports to drop. Moreover, traders feel bad about a number of new principles recently announced by the Ministry of Economy and Finance. Thus, there is sufficient reason to say that Vietnam's opening up has caused the decline in investment in Cambodia.

Another heavy burden for the Royal Government is the recent verbal attacks and conflicts along the Cambodian-Thai border, which have caused the closure of the border at Poipet. This closure has badly affected the Cambodian economy and added a heavy burden to the daily livelihoods of the Cambodian people.

Moreover, although Sam Rangsi did not mention the fourth cause of the decline in state income, everyone well knows about it; that is, corruption among those who rule the state and control the national economy.

How will the government solve the present situation? It is true that the political situation has impacted on Cambodia's economic situation. But some have criticized Cambodia for having a serious crisis in state control over economic affairs. This requires an urgent remedy. Efforts should also be made to find a control mechanism that can stimulate economic activities.

The time has come for the Royal Government to take a look at itself in a new mirror to see whether or not its economic policy has caused the decline of the national economy.

It is believed that this economic crisis—if not remedied in time—will be more dangerous than the downfall on the Pailin battlefield.

Philippines

Official on Moves To Comply With GATT Accord

BK0305104394 Manila PHILIPPINE DAILY INQUIRER in English 29 Apr 94 p 6

[By Alice F. Cabotaje]

[Text] The country is not totally unprepared for a more liberal trade environment under the General Agreement on Tariffs and Trade (Gatt).

Economic Planning Secretary Cielito Habito said that the National Economic and Development Authority (Neda) has made initial moves with Congress to amend the necessary laws to concur with the principles of the Gatt accord.

Gatt members, for instance, will have to rewrite or enact national laws that will protect patents, trademarks, copyrights, industrial designs and trade secrets.

"We are all for the Gatt. The president has given us instructions to do the necessary consultations and communications on the impact of the Gatt," he told the INQUIRER.

Senate Minority Leader Wigberto Tanada earlier expressed alarm over the "state of unpreparedness" of the country in light of a new trade order under the Gatt.

"I have not seen any organized program, written or un-written, on how the country can take advantage of the so-called liberalization of the global economic order under Gatt," he said in a privilege speech.

Meantime, the Pambansang Ugnayan ng Mamamayan Laban sa Gatt [National Association of Citizens Against Gatt] (Pumalag), an anti-Gatt coalition of 12 agricultural sector organizations, continued to lobby against the ratification of the accord.

"Third World countries are neither technologically nor financially equipped to benefit from competing head-on with their foreign counterparts," the coalition said in a position paper.

Citing an Asian Development Bank report, the coalition pointed out that the country is bound to gain a minimal 0.5 percent increase in trade under the Gatt.

The Gatt accord, signed 15 April Marrakech, Morocco, calls for the cutting of tariffs on industrial products by an average of more than one-third. Domestic and export subsidies given to agricultural goods will also have to be reduced.

Phasing in of these commitments will be over five to 10 years starting 1 July next year.

Aside from the Gatt, the Philippines is also set to overhaul its tariff system to meet the requirements of the Asean Free Trade Agreement (Afta).

A number of industries already raised concern about the possible impact of a liberalized trade among members of the Association of Southeast Asian Nations.

They noted that the country had already reduced a number of tariff lines on several import products upon the proddings of its major creditors.

Government Confident of Paying Paris Club Debts

BK0305122894 Manila BUSINESS WORLD in English 29 Apr 94 p 12

[By Sheila A. Samonte]

[Text] The country's debt planners may be praying for more rain.

Partly because the financial system is still relatively awash with dollars, a senior Bangko Sentral [Central Bank] official said monetary authorities are confident government will be able to service its $1.1 billion maturing obligations with the Paris Club creditors sans any restructuring agreement.

"Even if these debts are not restructured, since we have more dollars ... we need not use up our gross international reserves (GIR)," the official yesterday told BUSINESS WORLD.

Earlier, fiscal and monetary officials said the country may no longer be able to fully reschedule its maturing Paris Club debts in the next three years with the external financing gap programmed to dwindle from $500 million this year.

The country serviced about $750 million in maturing obligations last year. Another $234 million was paid during the first quarter, while $560 million is scheduled in the second quarter.

A three-year extended fund facility (EFF) from the International Monetary Fund (IMF), seen to be approved this June, is expected to enable the country to negotiate for a fifth rescheduling agreement for its $1.1 billion maturing obligations with the Paris Club.

Ironically, the high liquidity of the system—mainly brought about by the continuous deluge of from overseas contract workers funds [as published]—is testing the limits on the country's healthy GIR position, which stood at about $6.3 billion as of mid- April.

Bank treasury officials were surprised when the Bangko Sentral suddenly shifted gears and slowed down on its dollar buying tack the other day after weeks of heavy buying. From a total volume of dollar purchases of $1.06 billion as of mid-April, the Bangko Sentral slowed down its support of the peso with its current total volume now standing at about $1.2 billion, or a difference of about $141 million within the almost two-week period.

The peso gained 78 centavos to the dollar the other day, to close at P27.457 [Philippine pesos] to the dollar from the previous day's P27.535.

As of about 2:30 PM, a trader said the last done deal stood at P27.23. "With Bangko Sentral intervention, it may close at P27.35," he predicted.

The Bangko Sentral has lately been buying only between $2 million and $3 million on the average per bank, the Bangko Sentral official admitted.

He, however, said the Bangko Sentral is "still following market (movements)." A primary reason for the heavy buying tack it earlier adopted may be inflation, which monetary authorities are closely watching out for because of the system's excess liquidity situation.

"It's not that we're not buying much, but there really is low corporate demand due to last quarter's uncertainty in the market." Investors overbought dollars anticipating that the uptick in the peso exchange value would be carried over in the first quarter of the year, the source said.

The interbank call loan rate (IBCLR) again surged, closing at a high of 68 percent (value dated Wednesday) or about 12 percentage points short of the record-high rate registered end-September last year when the peso plummeted at a record-low against the dollar. The average IBCLR was at 45.5625 percent, 5.875 percent higher than the previous day's average of 39.6875 percent.

"It's a very unusual situation," a treasury official described.

The foreign exchange rate is seen to taper off to "normal" level within two months' time, in anticipation of huge dollar outflows as banks negotiate for more import demands. The Bangko Sentral official said there has been a significant uptick in the number of 60-day letters of credit being opened recently.

Still, at this point, treasury officials held mixed views on where the upsurge in dollars come from.

Export Campaigns Launched To Target Japan, China

BK0305103094 Manila THE MANILA CHRONICLE in English 29 Apr 94 p 14

[Text] The Philippines has launched a campaign to increase its exports to Japan.

Under this action plan, the country's exports are projected to increase from $1.8 billion in 1993 to $1.90 billion in 1994; $1.99 billion in 1995; $2.19 billion in 1996; $2.42 billion in 1997 and $2.66 billion in 1998.

To achieve these objectives, the Export Development Council (EDC) has adopted the following strategies:
—Establish a priority Japan program.
—Promote an effective marketing of the Philippines, its products, services and investment opportunities.
—Enhance the Philippine investment environment to take advantage of the globalization of Japanese industries.
—Strengthen supply capacities through technology transfer and increase overall production and efficiency with foreign capital.

It was noted that during the past few years the trade balance between the two countries had always been in favor of Japan.

Statistics show that in 1988 Philippine exports to Japan amounted to $1.420 million against imports of $1.421 million; 1989, $1.591 million against $2.043 million; 1990, $1.621 million against $2.258 million; 1991, $1.771 million against $2.372 million; 1992, $1.745 million against $3.086 million and 1993, $1.810 million against $4.00 million.

The top Philippine exports were shrimps and prawns, fresh bananas, copper concentrates, ignition wiring sets, electrical and electronic machineries.

The top Philippine imports were consigned electronic parts, car components, industrial circuit parts and microassemblies, structures of iron and steel and truck components.

Meanwhile, it was also revealed that the Philippines also plans to increase its exports to the Greater China market by 50 percent to $1.9 billion this year.

This was reported by Salome Rebosura, leader of the Greater China Market Group, during a meeting of the Export Development Council (EDC).

Greater China is composed of mainland China, Hong Kong and China's breakaway island province of Taiwan.

Export leaders acknowledged the potentials of Greater China to raise the country's export receipts. The nation has set a 15 percent annual growth target for exports.

To achieve the targets of the industry, Rebosura cited the following short-term strategies: —Focus marketing strategy on Southern China.
—Establish commercial and consulate offices in Guangdong or Fujian.
—Carry out market researches on Greater China initially on Southern China.
—Conduct an aggressive marketing and promotional program.
—Negotiate and implement cooperation development projects.
—Explore "outward processing trade" and other joint venture arrangements. She also listed the following long-term strategies:
—Study air and tourism linkages.
—Cultivate long-term relationship and commitment.

—Carry out extensive market research.
—Sustain an aggressive marketing and promotional program.
—Institutionalize networking.

Enrile Praises Counterinsurgency Campaign

BK0305102794 Manila BUSINESS WORLD in English 29 Apr 94 p 10

[By Sandra S. Aguinaldo]

[Text] Armed Forces Chief of Staff Lt. Gen. Arturo Enrile yesterday declared government's counterinsurgency campaign a success based on recorded accomplishments in the first four months of 1994.

At the same time, Armed Forces of the Philippines (AFP) Vice Chief of Staff Maj. Gen. Alfredo Filler said all existing rebel groups in the country are not capable of causing instability.

Mr. Enrile said the total number of armed regulars of all threat groups dropped 30 percent last year through the military's counterinsurgency campaign plan "Lambat Bitag [Dragnet Snare]."

The AFP also recorded a 13 percent decline in the total number of high-powered firearms in the hands of rebels and a 52 percent slide in the total number of insurgency-affected barangays [villages].

Recently, National Police Commission Chairman Rafael Alunan declared strategic victory over Muslim guerrillas, communist rebels, and other breakaway groups, saying their strengths have been reduced considerably through the combined efforts of the military and police.

Likewise, Gen. Enrile said armed groups such as the New People's Army, Abu Sayyaf, Moro Islamic Liberation Front, and Alex Boncayao Brigade have been crippled by counterinsurgency efforts.

However, the recently installed armed forces chief warned against "prematurely sweeping the insurgency threat under the rug" because "political consolidations are still going on."

Even as the first quarter of this year has shown considerable rewards for government, Mr. Enrile said, "The decline in the number of major engagements only means that they have shifted into small unit operations. But they are still there."

Mr. Filler also said threats from both the leftist and rightist groups have been marginalized. He stressed that unlike before, rightist groups like the Rebolusyonaryong Alyansang Makabansa [Revolutionary Nationalist Alliance]-Soldiers of the Filipino People-Young Officers Union (RAM-SFP-YOU) are no longer considered threats to national security.

He belittled the capability of the said groups, saying they are not capable of grabbing power from the present administration based on the reported decrease in their manpower and assets.

As communist factions are busy consolidating forces, Mr. Enrile said, the country's armed forces will concentrate on national economic development as well as the protection and conservation of the environment and the remaining natural resources.

He also revealed plans to engage in massive cooperative projects nationwide.

According to Army Chief Maj. Gen Romulo Yap, government is a month ahead of its counterinsurgency campaign scheduled before the year. [sentence as published]

NDF Urges Accused Former Rebels To Surrender

BK0305102594 Quezon City MALAYA in English 29 Apr 94 p 6

[By Chit Estella]

[Text] All former rebels subject to arrest by the underground movement for alleged crimes must surrender to the New People's Army (NPA) rather than fight it out, the National Democratic Front (NDF) said yesterday.

In a statement, NDF chairman Manuel Romero said that arrest warrants will be served by guerrilla units on all those currently facing criminal charges before people's courts.

Romero stressed that the NDF, a coalition of at least 12 big organizations fighting the Ramos administration, has a judicial system that upholds "the right of suspects to due process."

"Upon the issuance of the warrant of arrest by the people's court, a criminal suspect like (Ricardo) Reyes can submit himself willingly and peacefully to the NPA arresting unit or he can voluntarily surrender himself to the revolutionary authorities," Romero said.

Reyes has been accused by the NDF of implementing Kampanyang Ahos [Garlic Campaign], a campaign which resulted in the torture and murder of "hundreds of hundreds of Communist Party of the Philippines members, NPA fighters, NDF allies and mass activists without due process." The campaign was mounted in 1985-1986 to weed out alleged deep penetration agents (DPA) within the underground movement.

Subsequent events indicated that many of those executed on suspicion of being DPAs could have been innocent.

With a rectification movement taking place within the rebel movement, leaders allegedly behind such incidents as Kampanyang Ahos are now being called to account for their deeds.

Warning them against resisting arrest by NPA unit, Romero said the NPA has been authorized to "give battle when necessary to defend itself or prevent the suspect from resisting arrest."

The leaders accused of authorizing the campaign have been criticized for refusing to follow orders to cease their campaign to divide the NDF and discredit the current leadership of both the CPP and the NPA.

Charges against them were filed by the families of victims and those whom they have attacked openly for more than two years after the rectification campaign was launched by the CPP in late 1992.

One of the anti-Sison leaders has warned that if the "people's court" issues a death sentence, they will retaliate by sending an assassin to eliminate Sison.

* Offensive Against Muslim Extremists Urged

94SE0096 Cotabato City MINDANAO CROSS in English 5 Feb 94 pp 22, 21

[Text] Police authorities in the Autonomous Region in Muslim Mindanao (ARMM) have recommended to higher police headquarters the launching of an all out offensive against the extremists Abu Sayyaf group, Mindanao's most dreaded terrorist band. The recommendation was issued by ARMM Police regional director chief Supt. Magingin Magomnang after receiving reports Wednesday from Sulu Police provincial director Supt. Aukasa Handa.

Magomnang called a command conference Wednesday at Camp S.K. Pendatun in Parang, Maguindanao. It was his first meeting with his subordinates this year.

Both Magomnang and Handa said that the number of the fundamentalist group is increasing and a massive police action should be taken against them before they can harm people with their terroristic activities.

"I am considering Abu Sayyaf group as a threat," Handa told reporters. "I am recommending to higher headquarters that police action should be taken against this group."

The Abu Sayyaf, a fundamentalist group that originated in Basilan province, is composed of 80 to 100 fully armed members.

Denying the group had just received arms shipment from nearby countries, Handa said the Abu Sayyaf, led by Abdulradjak Janjalani, is armed with several 90 recoilless rifles, B-57, mortars, M-60 and M-50 machineguns and assorted high powered firearms. The group was tagged by military and police authorities as responsible in several criminal activities such as kidnapping and bombings in Mindanao. It was also believed to be responsible in the Davao Cathedral bombing last December 26 which killed six church-goers and wounded 150 others.

Authorities also identified the extremist group as responsible in the kidnapping of language researcher Charles Walton, shipyard owner Ricardo Tong of Zamboanga City, missionary priest Bernardo Blanco, Spanish nuns in Sulu and several businessmen in the Zamboanga archipelago.

"The Abu Sayyaf is really a threat in the area, particularly in Sulu, but we have some precautionary measures that can take care of this group," Magomnang said in a press conference. He said he will tak to PNP chief Dir. General Umberto Rodriguez and Chief of Staff Gen Lisandro Abadia for a joint police and military action against Abu Sayyaf.

Magomnang also reported that he already had a talk with several Moro National Liberation Front (MNLF) commanders in Sulu to cooperate with the police in pursuing the fundamentalist group.

Handa stressed that the Abu Sayyaf is not yet capable of destabilizing Mindanao.

Abadia, during his Mindanao visit last month, said Abu Sayyaf cannot destabilize the region but admitted that they can create trouble and terrorize people.

Calling the extremists as narrow-minded and uneducated fundamentalist, Abadia said "dahil uneducated, madali lang mahilang propaganda [because they are uneducated, they are easily drawn in by propaganda.]"

He described the group as an international phenomenon which is being imitated by Filipinos.

Fundamentalism, according to the AFP chief, is good and it can be found in highly urbanized cities of the world like in Europe, Algeria and the Middle East. But he added that there are groups claiming to be fundamentalists but in reality they are terrorists.

When asked why the military appeared unable to neutralize Abu Sayyaf, Abadia remarked by saying that "even the mightiest of the countries in the world is seemingly helpless."

Extremists were tagged as behind the New York bombing recently which killed several people and caused damaged to properties.

Admitting terrorism is difficult to address, Abadia vowed to neutralize the group in due time.

Magomnang said the police has already identified the base of Abu Sayyaf in Sulu and will strike anytime when the "go signal" is issued. Aside from Basilan, Handa said the Abu Sayyaf is concentrated in Patikul, Sulu.

Bill To Increase Stock Transaction Tax Ratified

BK0305112694 Manila BUSINESS WORLD in English 29 Apr 94 pp 1, 8

[By Cristina D. C. Pastor]

[Text] The Senate yesterday unanimously ratified a bill increasing stocks transaction taxes on listed shares and imposing taxes on initial public offerings (IPOs).

The measure, which is expected to generate incremental revenue of P800 million [Philippine pesos], is one of several revenue-enhancement measures recommended by the executive for legislation.

Senate bill 1127 is entitled "An act imposing a tax on sale, barter or exchange of shares of stocks listed and traded through the local stock exchanges or through IPOs, amending for the purpose the National Internal Revenue Code."

The bill seeks to impose tax rates equivalent to 3/8th of 1 percent on listed and transacted stocks on the first year, and ½ of 1 percent on the second and succeeding years.

IPOs of closed corporations going public will be taxed as follows: —4 percent of gross sales for corporations offering shares below 33 ⅓ percent;
—2 percent of gross sales for corporations offering shares from 33 ⅓ percent to below 50 percent;
—1 percent of gross sales for corporations offering shares of more than 50 percent.

Right now, listed stocks are taxed at ¼ of 1 percent.

Senator Ernesto Herrera, chairman of the ways and means committee, said the idea behind the provision on closed corporations is to encourage such firms to go public. "The more shares you offer, the lower your taxes," he told reporters.

He said this provision amends an earlier provision seeking to impose a uniform 2 percent on IPOs.

The bill also redefines a "100 percent closed corporation," a term currently used to refer to a company owned by less than five persons. The measure defines a closed corporation as a company held by less than 20 persons.

"The tax will be based on gross selling price ... and will be paid by the issuing corporation," said a provision of the bill.

Meanwhile, the Senate failed yesterday to ratify the bill expanding the value-added tax (VAT), and has set a Monday deadline for its ratification.

Senate President Edgardo Angara said some senators asked for more time to go over the compromise bill.

He said final approval of the bill by both chambers should not be tied to the ongoing negotiations between the country's economic managers and the International Monetary Fund (IMF).

"This is independent of the IMF," he said of the pending ratification. "This is for our own sake. The VAT will simplify the tax administration."

At the same time, he said IMF approval of the country's three- year economic program is also important if government wants to "unlock" official development assistance, and restructure about $1 billion in Paris Club loans.

The senator said what could be problematic is not so much the approval of the bill but enforcement of the VAT law. He spoke of a big businessman with VAT liabilities amounting to P1 billion.

"We have to do something in terms of the collection effort," he said.

Mr. Herrera said the VAT bill itself has the answer to the potential collection problem. The bill appropriates 5 percent of the incremental revenue from VAT collection to the budget of the Bureau of Internal Revenue [BIR].

"So the BIR cannot come to us and say they have problems with personnel and facilities. We are giving 5 percent of the incremental revenue to them," he said.

Thailand

Official Expects Continued 'Watchlist' Status

BK0305041594 Bangkok THE NATION in English 3 May 94 p A3

[Text] Deputy Commerce Minister Churin Laksanawisit said yesterday the U.S. trade watchdog is expected to keep Thailand on its watchlist after the annual revision of the list is announced today.

Churin said he was not optimistic that the U.S. Trade Representative (USTR) would remove Thailand from all watchlist categories, because "the U.S. is likely to wait until the Thai parliament passes the third reading of the amended Copyright Bill."

In response to an earlier report that the USTR had already removed Thailand from its priority watchlist (PWL) and moved it to the normal watchlist classification, Churin said the announcement had not been made.

An economic officer at the U.S. Embassy also confirmed that the USTR had yet to release an official statement. "I have not received any report from Washington," he said. The officer, however, noted that the USTR was at any moment expected to announce a revision of the countries on its trade watchlist.

Thailand last year was removed from the most serious classification, the priority foreign country (PFC) status, to the lesser PWL after Commerce Minister Uthai Phimchaichon assured the USTR that the Thai government would introduce a new copyright law soon. The new copyrights bill has yet to come into force, pending its third reading in Parliament.

Commerce Ministry Involved in U.S. Trade Talks

BK3004122094 Bangkok Radio Thailand Network in English 0000 GMT 30 Apr 94

[Text] The Ministry of Commerce has been allowed to join the Ministry of Foreign Affairs to set agenda for another round of trade negotiations with the United States. Deputy Prime Minister Suphachai Phanitchaphak, in his capacity as the chairman of the International Economic Policy Committee, says the permission was made at the request of the Commerce Ministry. He says that at the next round of Thai-U.S. trade negotiations, to be held in the middle of next month, the Commerce Ministry wants to take part in the roles of the Thai side as it is responsible for trade policy of the country. Mr. Suphachai says that the results from the discussion of both ministries to be known on Monday will be further considered by his committee.

In addition, the deputy prime minister says the Committee on International Economic Policy is considering the setting up of a fund for domestic industries which have been affected by the ASEAN Free Trade Area.

Officials Comment on Thai-U.S. Aviation Talks

BK0205131094 Bangkok THAN SETTHAKIT in Thai 21-27 Apr 94 p 55

[Text] Speaking to a THAN SETTHAKIT correspondent about the recent Thai-U.S. negotiations on an aviation agreement, Warawut Bunyatket, director of the International Affairs and the Aviation Industry Division of Thai Airways International [THAI], said that THAI, for the time being, is not interested in increasing the number of its regular flights or opening new flights to the United States because it is rather difficult to make any profit from flying to that country due to strong competition and price cutting campaigns among the U.S. airlines. It is unlikely that THAI will make any change in its operation even if the new agreement allows it to fly up to 38 flights per week to the United States.

He said: "In any event, what we want is equality in carrying passengers from third countries. The Thai side proposed a limitation on the number of passengers from third countries for each flight at 45 percent. We do not know if the U.S. side will accept it or not."

Worawut went on to say that THAI is now engaging in a "code sharing" [preceding two words in English] operation through aircraft and ticket sharing with United Airlines as a means of maintaining its market share in the region pending the conclusion of an agreement with the United States that will incorporate destinations in the United States to which THAI can fly.

Meanwhile, Mahidon Chantharangsuk, permanent secretary of the Communications Ministry and head of the Thai delegation at the next round of the aviation talks with the United States to be held in Bangkok in June, said, the negotiations will cover the details of issues concerned, especially the sharing percentage [as published], the flight numbers, and new destinations in the United States requested by THAI.

During the first round of the negotiations, the Thai side made four major proposals. First, the U.S. airlines operate 38 flights per week to Thailand—31 for passengers and 7 for cargo. Presently, three U.S. airlines operate 28 flights per week to Thailand while Thai has only four flights per week to the United States. Second, the U.S. airlines are required to carry at least 55 percent passengers from Thailand on each flight before it is allowed to carry passengers from third countries.

Third, the U.S. airlines are required to carry up to 70 percent tourists on each flight on which they intend to seek permission to fly to a new destination in Thailand. Fourth, the total number of flights between the two countries is equally divided for airlines of the two countries.

On the other hand, the U.S. side made two proposals. First, the Thai side should stop freezing the number of seats of each U.S. flight at only 290. Second, the procedure for the collection of the value-added tax should be revised.

The permanent secretary of the communications minister said that the conclusion of an aviation agreement will further expand the aviation services between the two countries. He will encourage THAI to increase its regular flights to the United States. THAI is capable of making up to 11 flights per week to the United States.

Former U.S. Official Bourne on Wanted List

BK0305021694 Bangkok BANGKOK POST in English 3 May 94 p 1

[Text] Police said yesterday they plan to arrest a former drug adviser to ex-U.S. President Jimmy Carter who was photographed in Burma wearing the uniform of opium warlord Khun Sa's hilltribe army.

Lt-Colonel Supachai Sirisap, deputy head of the Foreign Affairs Division of the Royal Thai Police said:

"It is our intention to arrest him when we see him. He appears to have crossed the Burmese border illegally from Thailand."

The statement came after a spokesman for the United States embassy said that Peter Bourne, former adviser on narcotics to the Carter administration, was indeed the man photographed and identified in the Bangkok Post on Sunday as "Peter Bond".

A United States embassy spokesman said:

"He is not in Burma on any official business of the United States Government."

"As far as we are concerned Khun Sa is the single biggest heroin dealer in Burma and we have warrants out for his arrest," the U.S. embassy spokesman said.

Khun Sa has offered to sell the United States his annual opium crop numerous times in the past as part of his own plan to help eradicate the world of heroin.

The United States has refused to deal with him despite previous visits by Congressman Lester Wolf.

Bourne was relieved of his job as presidential adviser on narcotics after allegedly abusing his position.

Peter Bourne, aged 60, however was rumoured to have re-entered Thailand and departed on a U.S.-bound flight on Sunday night.

Prasong on Roles for France, Indonesia

BK0305042594 Bangkok BANGKOK POST in English 3 May 94 p 6

[Text] Foreign Minister Prasong Sunsiri yesterday pointed to the possibility of France and Indonesia being called to help settle the Cambodian problem.

King Norodom Sihanouk was proceeding on the issue, Squadron Leader Prasong said, confirming support for a so-called round-table among Cambodians.

But he said "there is a mechanism for solving the Cambodian problem and the most significant one is the co-chairmanship of Indonesia and France".

The situation may warrant resort to this "old mechanism".

The minister made the remark shortly before it was made known that peace talks due to begin in Phnom Penh yesterday and continue to May 7 had been suspended.

The Khmer Rouge has cited security concerns for refusing to go to Phnom Penh for talks.

King Sihanouk reportedly has suggested Paris, Jakarta and Pyongyang as possible alternative venues for the round table.

Thai officials said the 1991 Paris peace agreements provided for signatories to call on the assistance of the cochairmen of the Paris conference on Cambodia in the event of a violation or threat of violation.

The Khmer Rouge signed the peace agreement but refused to disarm, and fighting has escalated in northwestern Cambodia over the past week.

Sqn Ldr Prasong urged a negotiated settlement.

"If the round table can be held, the situation will improve," he said.

"I don't think the Cambodian problems can be solved through military means but rather by political means, which may take some time. We need to be patient."

Sqn Ldr Prasong made the comments shortly after talks with United States Deputy Joint Chief-of-Staff Admiral William Owens.

Sqn Ldr Prasong said he asked the U.S. to refrain from giving support to any one Cambodian faction as this would prolong the conflict.

He also reaffirmed that Thailand upheld the policy of non-interference in Cambodian affairs, and did not support the Khmer Rouge.

Prasong To Attend Inaugration in South Africa

BK0205141794 Bangkok Voice of Free Asia in Thai 1030 GMT 2 May 94

[Text] The king has assigned the foreign minister to act as his representative at the inauguration ceremony of the new president of the Republic of South Africa.

In response to an invitation from the president of the Supreme Court of South Africa, (N.N. Corbeck), that the king send his representative to attend the inauguration ceremony of the new South African president scheduled to be held in Pretoria on 10 May, his majesty the king has graciously appointed Foreign Minister Squadron Leader Prasong Sunsiri and a delegation from the Thai Government to represent him at the ceremony. The delegation, led by the foreign minister, is scheduled to be in South Africa 8-10 May for the ceremony.

The presence of the Thai delegation at the ceremony will promote the strengthening of relations between Thailand and South Africa. Thailand sent a delegation to observe the first free election in South Africa on 26-28 April, during which a large number of people cast their ballots. Although vote-counting is still under way, it is believed the ANC party will win a majority of votes and that Nelson Mandela of the ANC will be elected the country's new leader, replacing President F.W. De Klerk.

Leaders on Proposals To Curb Frontline Arms

BK0105131794 Bangkok THE SUNDAY NATION in English 1 May 94 pp A1, A2

[Excerpts] Crimes involving the use of firearms and explosives could be curbed by amending the law to introduce stiffer penalties for illegal possession and use of war weapons, Army Commander-in-Chief Wimon Wongwanit suggested yesterday.

Gen. Wimon said most military-type weapons used by criminals were not obtained from armed forces barracks but from Cambodia and Burma where there was still guerrilla warfare.

"The Ordnance Corps has stringent regulations controlling military supplies," Wimon said. "The law governing war weapons should be amended to allow for more severe punishment of offenders."

He said the military had done its utmost to stop the influx of war weaponry from neighbouring countries.

Wimon did not believe an explosion at a Phuket hotel yesterday was politically motivated, nor was it an act of terrorism. But the army chief did not say how he arrived at that conclusion. [passage omitted]

Prime Minister Chuan Likphai said he believed one of the most effective ways of dealing with the arms smuggling problem was for law enforcement officials to arrest major dealers in the illegal business and at the same time stem the flow of weapons from border countries. The prime minister also said lax control of weapons belonging to the armed forces contributed to the spread of war weapons.

Deputy Prime Minister Banyat Banthatthan said the government had already instructed law officers to crack down on war weapons and stem the influx of military supplies into the country as a priority.

Deputy Interior Minister Den Tomina said yesterday he had been told by an anonymous caller that there would be an explosion in Phuket tomorrow, when Den is scheduled to open a seminar attended by senior police officers from Asean countries.

"After receiving the phone call I notified the Phuket police chief. I was told by him that strict security is already in place. And that a bomb had exploded (yesterday), that's strange," Den said.

He disagreed with Wimon that harsher penalties for illegal use and possession of war weapons would help stem violent crime. Den said existing laws already provided for stiff penalties. The real problem was that the law was not efficiently and consistently enforced.

Deputy Foreign Minister Surin Phitsuwan said efforts to suppress the influx of military-type weapons had not been successful because the majority of people still did not realize the seriousness of the problem. Many people in rural areas possessed illegal or unregistered firearms and explosives, purportedly to protect themselves.

Central Bank Reports Border Trade With Laos

BK0205092094 Bangkok PHUCHATKAN in Thai 2 May 94 p 4

[Text] The Bank of Thailand has reported that border trade between Thailand and the Lao People's Democratic Republic in the first quarter of 1994 recorded a sharp and continuing increase when compared with the same period the previous year, with a combined total trade value of 1,907.3 million baht, in which Thailand enjoyed a 790.1 million baht trade surplus.

Thai exports to Laos from January to March this year totaled 1,348.7 million baht in value, representing a 50 percent increase over the 895.7 million baht recorded during the same period last year. Of the Thai exports, 33.6 percent were consumer products, including automobiles, motorcycles, electrical appliances, shoes, and dairy products. Other goods exported included construction materials and machinery.

During the same period Thailand imported 558.6 million baht worth of goods from Laos, an increase of 65.9 percent over last year. Of the imports from Laos, 85.4 percent was processed wood. Timber imports from Laos increased significantly this year due to the improved export quotas set by the Lao Government and the timber extracted before the beginning of the construction project of the Nam Theun Dam in Khammouane Province, which was imported through the border checkpoint of Nakhon Phanom Province.

Bombings Said To Aim at Bringing Down Government

BK0305052694 Bangkok BANGKOK POST in English 3 May 94 p 1

[Text] Interior Minister Chawalit Yongchaiyut yesterday described the recent spate of bombings as a plot to bring down the Chuan Likphai Government.

Deputy Prime Minister Banyat Banthatthan has made similar comments in recent days.

Gen Chavalit said the bombing of the Karon Royal Wing Hotel in Phuket late Friday night was not politically motivated.

It was the result of a business conflict, while the blast at Nakhon Si Thammarat railway station a week earlier was the work of a jealous woman.

He said the authorities had to be careful because there would be attempts to mislead them.

The minister said opinions were divided over the crackdown on war weapons.

Some thought this could be done with even tougher penalties while others believe the crackdown would be unjust if it is not enforced equally in all cases. "Some people don't want to see the death penalty for this crime. We still can't move to amend the law " he said.

Chart Thai Party leader Pol Gen Praman Adireksan said it was the Government's duty to apprehend those behind the bombings.

"I was a victim of a bomb attack at my house several years ago and to this day no one has been arrested," he said.

Pol Gen Praman rejected the claims by Mr Banyat and Deputy Commerce Minister Churin Laksanavisit that the bomb attacks were an attempt to bring down the Government, and most people would interpret this to mean the Opposition was responsible.

He asked how the Opposition could stage the attacks since it had no MPs in the South.

"Those in Government always think there are people out to get them.

"Ousting the Government through illegal means it is an act of rebellion. Even if you only think it, it's rebellion," he said.

Some government MPs claim an opposition party is financing sabotage in the South with the cooperation of those loyal to the now defunct National Peace-keeping Council.

Pol Gen Praman said the Opposition could only file interpellations or open a debate on the issue.

He made three observations:

That the South is rich in natural resources, both on land and at sea, that the bombings occur only in that region, and why are government MPs in the South not making more noise about the problem as it is harming their constituencies.

He also said it depended on each person's view if calls to replace Gen Chavalit as Interior Minister would solve the problem. As a former interior minister, he said, he did not know what to say about why the Government was unable to apprehend anyone in connection with the burning of 33 schools in the South last year.

There has also been about 13 bombings with only one person arrested in connection with the Nakhon Si Thammarat railway station incident.

"Why is that so?" asked the Opposition leader.

Prime Minister Chuan Likphai said all government MPs in the South were very concerned about what has been happening but they had not been "raising hell" because there was no clear information.

He said he did not have details to be able to say the bombings were aimed at bringing down his Government.

"There is not enough evidence to arrest anyone. It's difficult," he said.

Governor Reports 2 Injured at Phuket Bomb Blast

BK3004102194 Bangkok Radio Thailand Network in Thai 0530 GMT 30 Apr 94

[Text] According to the Public Relations Department correspondent, Phuket Governor Suchit Nimitkun gave a news conference about the bombing yesterday at 2130 in a bathroom at the Karon Royal Wing Hotel, Tambon Karon, Phuket Province. The incident took place during a party of nationwide Singha Beer distributors and their families totaling about 800 people.

The governor and the officials concerned inspected the site of the incident. The governor said initial police inspection revealed that the explosive was C-4 and was aimed only at generating noise to frighten the party participants. Two people were slightly injured in the legs. The party continued after the incident. It was learned that the party organizers might have known in advance about a possible disruption plan and had asked for police protection.

The governor said the incident is not likely to be politically motivated. Property and lives were not targetted, and it was merely an attempt to intimidate the party goers. However, the overall image of Phuket could be affected since the province will host several international conferences—the ASEAN police chiefs conference during 1-5 May and the municipal league conference during 9-13 May. In any event, the provincial administration has taken precautionary measures for these events. The people need not worry.

'Heavy Fighting' Reported on Cambodian Border

BK0105123694 Bangkok THE SUNDAY POST in English 1 May 94 p 2

[Excerpt] Ta Phraya, Sa Kaeo—More than 25 stray artillery shells landed on Thai soil yesterday during heavy fighting in Cambodia between government forces and Khmer Rouge guerrillas.

The latest round of fighting is centred about two kilometres from the Thai border opposite Ta Phraya District.

A few shells fired by 122 mm artillery pieces landed near border checkpoint No 26 at Ban Non Mak Mun in Ta Phraya District but caused no casualties.

The checkpoint is manned by about 150 rangers of the 12th Ranger Regiment and Ta Phraya Task Force.

At 10 a.m. about 200 Khmer Rouge soldiers of the 519th Division under Mit Sau launched an attack on Ban Yaeng Dangkum, a government position, which was protected by about 300 government soldiers under Gen Lai Veera.

The stronghold was overrun by Khmer Rouge shortly afterwards.

Thai military sources said 12 Cambodian government soldiers were killed and many others wounded.

The Khmer Rouge soldiers set fire to the weapons and supply dumps at Ban Yeang Dangkum. Billowing columns of thick black smoke were clearly seen from the Thai border at checkpoint No 26.

The sound of gunfire could also be clearly heard around the position, indicating heavy fighting in the area.

Cambodian government gunners at Ban Nimit artillery base at kilometre 12 on Route 5 opened fire in support of their ground troops at about 1 p.m.

More than 25 rounds landed on the Thai side of the border but caused no casualties or damage to property.

A Thai L-19 reconnaissance aircraft and a helicopter of the Burapha Force flew over the border to observe the fighting but did not fire any warning shots. [passage omitted citing AP on separate Cambodian developments]

Vietnam

Le Duc Anh Concludes Summit Meeting With Iran

Closer Ties Assured by Rafsanjani

BK0205135494 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 1 May 94

[Text] On 30 April, Iranian President Akbar H. Rafsanjani hosted a banquet in honor of President Le Duc Anh and his entourage in Tehran.

In his speech at the banquet, President Rafsanjani stressed: The Iranian people understand and admire the Vietnamese people for their protracted and arduous struggle in the past. It serves as a good example for the Iranian people. Indeed, the Vietnamese people's determination and victory have greatly encouraged other nations to continue their struggle. Vietnam has won admiration and respect from countries throughout the world. Today, like other nations, Iran highly appraises the Vietnamese leaders' intelligence and creativity in carrying out the national reconstruction program and in implementing the renovation process.

We are convinced that Vietnam will continue to score ever greater achievements. People in Third World countries have taken Vietnam as a good example. I am convinced that through cooperation in various fields, we will be able to strengthen bilateral relations to meet the aspirations of our two peoples.

The current visit to the Islamic Republic of Iran by the Vietnamese delegation will create a favorable condition for further exchanges of experiences and views. I believe that if we do not enhance our cooperation, best results will not be attained in collaboration between the South-South and Third World countries.

Following President Rafsanjani's speech, President Le Duc Anh delivered a reply statement.

Meets With Khamene'i, Velayati

BK0205141494 Hanoi VNA in English 1349 GMT 2 May 94

[Text] Hanoi VNA May 2—Islamic leader A. Khamene'i received in Tehran this morning President Le Duc Anh, who is on an official friendship visit to Iran.

Islamic leader A. Khamene'i welcomed the Iran visit of President Le Duc Anh and his entourage and expressed his pleasure at the fine development of the cooperative relations between the two countries, as well as his confidence that the friendly cooperative relations between Vietnam and Iran in the fields of trade, economy, scientific technology and culture will be further consolidated and promoted.

For his part, President Le Duc Anh thanked the Islamic leader for his warm reception and told him that Vietnam's persuing a foreign policy to be friend with all countries and believed that the friendly cooperative relations between the two countries would be broadened and developed.

During his stay in Tehran, President Le Duc Anh received Iranian Foreign Minister A. Velayati who paid him a courtesy visit at the presidential guest house.

The minister informed President Le Duc Anh of the results of the talks between Vietnam and Iranian foreign ministers during which they had reviewed the relations between the two countries over the past time and discussed measures to establish a joint commission for commercial, economic, and scientific and technological cooperation between the two countries.

President Le Duc Anh expressed his satisfaction at the new step of development of relations between Vietnam and Iran, and believed that these relations would be further consolidated and developed to be mutual multi-sided cooperative ties, thus making contributions to the trend of peace, stability, and development in the region and the world as a whole.

'Successfully' Ends Visit

BK0305105394 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 2 May 94

[Text] According to a Voice of Vietnam correspondent based in Iran, President Le Duc Anh and the comrades accompanying him left Tehran today, 2 May, at 1800 Iran time, or 2030 Hanoi time, thus successfully concluding their official visit to Iran. Before leaving Tehran, President Le Duc Anh and President Rafsanjani had a private meeting and witnessed the signing of a number of documents between Vietnam and Iran.

Foreign Ministry Denounces 'Lies' of KR Radio

BK0305105694 Hong Kong AFP in English 1015 GMT 3 May 94

[Text] Hanoi, May 3 (AFP)—Vietnam described Tuesday as "lies" allegations by the Khmer Rouge [KR] that the Cambodian government was attempting to recruit Vietnamese mercenaries to fight the guerrillas.

"This information is a complete lie," a Vietnamese Foreign Ministry spokesman told AFP of a Khmer Rouge radio report on Sunday which said government officials had travelled to Vietnam "to beg for 20 truckloads of mercenaries to come to the aid of defeated government troops in Battambang."

Khmer Rouge radio had said government defeats at Anlong Veng and Pailin—guerrilla bases in Cambodia's north and northwest taken by government troops but lost again to the Khmer Rouge—had made the recruitment of new soldiers impossible.

The guerrilla faction often blames Hanoi for interfering in Cambodia, where dozens of ethnic Vietnamese, including women and children, have been victims in bloody attacks blamed on the Khmer Rouge.